DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 January 3, 1950.

Weather over the New Year's holiday was quite wet, and while precipitation was fair, all points did not receive heavy rains. There were some reports from the Southwest, as for example, Wichita, where they claimed there had hardly been enough rain, sleet, or snow to measure. Nevertheless we did not hear of any complaints,and chances are that some snows will fall before colder weather sets in, although there has been a drop in temperatures already in a good many places throughout the Southwest.

When our markets opened this morning, they were lower, probably influenced by the fact that offerings in the Southwest were heavier, and while not many hedges are being placed in the market, there seems to be a period of hesitancy to see how much grain will be sold in the new calendar year. Recent reports from Southern Hemisphere are quite optimistic concerning crops. The latest forecast for Australia suggests an outturn of 203 million bu, which is 13 million greater than last year, and well above prewar average, which was only about 170 million bu. While it is true that a good harvest is also forecast in the Argentine, a crop of about 210 million bu, which is likely to be harvested will be about 24 million bu under prewar average, and the reduction no doubt is due to a smaller acreage and general neglect of the land because of price. Here at home we are beginning to feel the lack of export business, and, of course, trade has in mind that even with a 15% cut in acreage, next summer we are apt to have a winter wheat crop of 885 million bu, plus the possibility of 275 to 300 million bu spring wheat, depending on the land sown later on and the attitude of the government in trying to urge farmers to curtail spring wheat operations. In any event the farmer is now beginning to pay for the fact that prices were held artificially high through loans and support prices, and acreage cuts are bound to occur all along the line.

Late Friday, the Secretary of Agriculture asked for allotments in corn, and practically every county in the commercial area has been reduced with some 837 counties affected. The program calls for a 12.9% cut in plantings next summer as a step to avoid heavy surpluses. Therefore, if the producers fall in line with expectations there will be 11 million acres less sown and the goal is to produce only 2.6 billion bu, as compared with the actual crop of 3,377 million bu this year and last year's record 3,650 million bu. Mr. Brannan also stated that the supply of corn was not quite large enough to require the use of quotas to restrict both production and sales. The entire cut, of course, comes in the principal parts of the producing belt, and those farmers will be asked to cut their 1950 plantings on an average of nearly 20%. The way it works out, allotments will be divided among states and counties and then apportioned secondarily among individual farmers. Naturally farmers will be free to abide by their allotments or they may ignore them, but only those who comply will be eligible for the government price supports later on.

The Santa Fe Railway report for January termed conditions in the winter wheat states as fair to excellent. They claim that nothing has happened thus far that could not be overcome by a normal spring season.

When the visible supply of wheat was posted there was a decrease of more than a million bu,and Chicago stocks decreased 541,000 bu, leaving a little over 9 million bu here. The U.S. corn visible showed an increase of 313,000 bu. There is now a total of 48.3 million bu in all positions compared with 46 million bu last year. Oats decreased 442,000 bu, while rye stocks increased 190,000 bu and soybeans decreased 189,000 bu. Chicago corn stocks are down to 6.6 million bu, the decrease during the week being nearly 1/2 million bu.

Not much attention was paid to statistics, in fact, we had a rather quiet market and milling demand was rather poor. It seems that the rise in cash wheat prices and premiums discouraged new business. However, PMA will make awards overnight on 95,000 cwts. of flour. With lack of export inquiry, the nearby deliveries were very indifferent and during all of the session lower, but there seemed to be a little more buying of the new crop futures which narrowed the spread. Corn at first did not yield ground but finally was influenced by weakness in other pits and acted heavy but there was no special pressure. Beans, in our opinion, will require a better cash demand for meal before much aggressive buying will be experienced, However, the large open interest suggests confidence on part of holders that finally better prices will prevail,

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CHICAGO, 4

January 4, 1950

Temperatures in the Southwest were rather low. There was no surprise, however, as colder weather had been forecast and it will probably remain cold today and tonight, moderating by tomorrow, with a little more moisture possible although in some sections recent rain and snow was hardly sufficient to be of much consequence. On the other hand, we are not receiving many complaints. It is probably too early to have any crop scares, as these are generally not received until end of February or early March. For the past six or seven years there have been very few, indeed, and bumper wheat crops all during that period created quite a different situation from what one would normally expect.

There was other news from the Southwest also, telling of small country offerings and apparently farmers who had sold a little more freely during the first day or two of the new calendar year are now content either to await higher prices or else to impound their grain under the loan. This year they have the whole month of January to come to a decision and to take advantage of the government program. According to the last figures we have there was 295 million bu wheat impounded by end of November. Chances are that not more than 10 to 15 million bu went into the loan during December for the reason that with fairly good cash premium both Northwest and Southwest, the incentive was not too great. However, since that time prices have declined, and there may be a considerable quantity that will still be placed under loans before the 1949-50 program ends. Thus it is anyone's guess what the old crop futures are worth in relation to July and September, some people feeling that most of the reserves, except possibly the red wheat, will finally be in the sterile stock, which is probably true except that redemptions later on would greatly alter these calculations. While a little better sentiment prevailed early in the session, there was no great enthusiasm on the constructive side of the market, and very likely many traders were waiting for the President's speech to see if any new economic policies were to be promulgated, or if anything would be stated that might have a bearing on agricultural matters.

Bookings of corn were very light, and there seemed to be no pressure from first hands; therefore, even before the wheat market rallied, corn showed some recovery following yesterday's selling. While PMA flour purchases were not particularly big, there was some covering of hedges, which had more than the usual influence in a dull market. Lard prices also rallied on a report that the government was asking for offers on 28 million lbs to be shipped to Austria. Trade had until January 10th to submit prices. When that commodity advanced it had a sentimental effect on beans, which heretofore had been quite indifferent, and we believe in general that trade has been awaiting some improvement in either the meal market or a better price for oils.

Primary receipts of wheat amounted to 596,000 bu, practically the same as last week, and more than twice as much as last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 169,000 bu.

After mid-session the President delivered his message to the Congress on the State of the Union, and said that he would seek tax changes to be announced shortly. He hoped to reduce the present inequity, stimulate business activity, and yield a moderate amount of additional revenue. This apparently was taken to mean that he may ask for higher corporation taxes.

With respect to agriculture, he pointed out that farm legislation was still not adequate, but that price supports should be provided for commodities that are not covered already under the program. He also talked of direct subsidy payments to farmers to keep their incomes high while allowing market prices of farm goods to seek their own level. Apparently he was advocating the Brannan Plan claiming it would prevent unmanageable accumulations of surpluses.

Marketwise this did not have much effect. While it may become a political issue in 1952, there seems little likelihood that any immediate changes will be enacted, and certainly for the summer of 1950 the support programs under parity loans will undoubtedly still have to be reckoned with. Prices for cereals were higher. There was no pressure, but by the same token there was no great increase in speculative activity.

According to Broomhall, weather in Europe is mild over much of the western districts, whereas cold weather would be beneficial as growth has been too rapid in many sections. Fall germination has been favorable and moisture supplies in most areas are adequate.

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CHICAGO, 4

January 5, 1950

There was again no special grain news overnight. Moisture had been reported East of the Mississippi, but, of course, those territories, with the exception of the eastern coast states, have had about all the precipitation they needed, and it would have been far more satisfactory if there had been further relief over the Southwest, but apparently it was mostly dry in the latter sections. Gradually moderating temperatures are in sight, and crop news is not much of a factor now, but probably more attention is being paid to the likelihood of new speculative influences, which apparently are developing but slowly.

Some people feel that reductions in ECA expenditures will mean smaller shipments of grain and grain products, but on the other hand the government seems intent to ship from 350 to 400 million bu wheat and flour during this crop-year, and it may be that they are holding themselves in reserve in the event sharp price recessions occur after the loan expires by end of January. As we look back there were rather severe breaks in February of 1949 and 1948, and this was attributed to the aggressive buying for government account earlier in the season, so that there was not much left as we came into the later months of the crop-year. If they are as cognizant of this as the trade, maybe they are saving their reserve strength for the spring months in the event there are no crop scares later to bolster prices. On the other hand, we must still take into account that if there is 350 million bu wheat finally impounded, it will be as much probably as we carry into the next crop unless the smaller shipments add to the burden, in which case the quantity might be larger. We figure that if our actual shipments are only 325 million bu, we may finally carry over about 400 million bu. It naturally will take time before we eat into our accumulations, particularly as the flour business is largely from hand to mouth, and no large commitments are made far in advance. A little PMA business seems to be occurring again, which may mean the removal of hedges in the various futures markets, but following yesterday's short covering there was not quite the same bullish feeling here, even though securities moved into higher ground. Cash corn continued in good demand, the premium being 4¢ over May, with moisture discounts for lower grades. Many people regard this cereal as being in a stronger position, and undoubtedly feeding operations will be considerably larger than last year with the greater animal population, so that we may finally consume within 100 or 150 million bu of what was grown. After that smaller crops are in prospect if acreage allocations are met.

All this seems to be reflected in the premium of nearby contracts over the deferred months, and for that reason we feel that purchases can be made on breaks. Ordinarily December and January witness the building up of stocks at terminals but here lately country offerings have been extremely small, probably due to bad weather, although lower temperatures might offer some impetus to farmers, and we should not be surprised to see somewhat heavier offerings during the next few weeks if the market advances.

The state reports from the Southwest are reasonably good, despite some surface dryness. The Oklahoma Weekly Bulletin claimed that the wheat crop was in fair to good condition over most of the state. Yesterday the Kansas Weekly Report told of melting snows and rainfall, which benefited the wheat crop in central and eastern sections, although admitted precipitation is needed in the Barton-Rice-Saline territory, where apparently germination and fall growth had been seriously handicapped by an extended period of dry weather. Temperatures in the Texas Panhandle have been quite low, although nobody seems to feel that the crop is being hurt even though snow-covering is lacking.

Primary receipts of wheat were 456,000 bu compared with 405,000 bu last week and 880,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 301,000 bu.

There was not too much activity in the first part of the session. Later on, firmness developed again and there was considerable local buying in our market which found offerings rather small and further moderate advances were recorded. An advice from an eastern advisory service suggesting sales of wheat and beans had only a passing effect and there were reports that Europe might be in the market very shortly for some red wheat taking supplies either east of here or possibly coming to Chicago. We were unable to confirm this but believe that it had a bullish tendency on the March future which sold about 6¢ over May. Corn was reasonably steady and offerings from the country are still light. Beans did better with a somewhat higher market for meal. During October and November of 1949 considerably more beans

were crushed than the year earlier. We believe that our consumption will be quite

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CHICAGO, 4 January 6, 1950

The news which stimulated price advances in wheat yesterday was, of course, widely discussed because the question of red wheat has been such an important factor ever since last August. Our exports of this particular grade have been very small in comparison with last year. At practically all times supplies have exerted a bearish influence on the Chicago market in relation to Minneapolis and Kansas City, and we have been asked by a good many people why our government did not send red wheat or mix it out when making grants to Germany or other occupied areas. We presume that at a price even European importers would take it, and England surely is in the habit of using considerable quantities owing to the fact that so much of the wheat in Australia is of the soft variety that a little more from here if they could obtain it cheaply enough would make little difference. Another consideration which comes to our minds is whether Britain would do anything at this time to boost prices of U.S. wheat by taking any large quantities of red wheat, which in turn might influence operations in Australia. Possibly all this talk is designed to get cheaper offerings from Australia on possibly 30 million bu which is apt to be shipped during the coming months to England, but actually we have no concrete advices, and, therefore, must talk in rather general terms.

Two of our friends in the East, who are in the export business, had heard nothing of this pending business in red wheat. One thought that there might be a demand for hard wheat but that soft wheat was not much discussed, according to cable advices. Nevertheless, we cannot entirely dismiss the idea that something is being considered; consequently, we shall have to await further developments next week, particularly as our government must be rather anxious to increase exports during the last six months of the crop-year. During the first-half period, we shipped only 160 1/2 million bu wheat and flour. This would be at the rate of 320 million bu for the entire season; furthermore, we cannot overlook the fact that in some of the early months quantities cleared were rather heavy. Last week's exports were only 5 1/2 million bu; therefore, it is quite obvious that unless we step up these shipments considerably we may not even reach the 350 million bu mark. Very shortly pressure from Southern Hemisphere will become heavier. Australia has raised a good crop again and will have some carryover, although no official estimate has yet been made, but Broomhall believes that, based on recent advices, there might be about 15 million bu in the reserve. Actual takings by importers have shown a declining tendency. Since August 1st, which was the start of the world wheat crop-year, the five important exporting countries have shipped 315 million bu wheat against 379 million a year ago. For that shorter period, which does not include July, we furnished only 135 million bu compared with 227 million the previous year. Canada shipped 103 million vs. 81 million a year earlier; Australia had shipped 48 million, a slight increase over the year before, while Argentina cleared 22 million, an increase of 4 million over the year earlier, with Russia clearing about the same quantity. Thus, it can be seen that despite the International Wheat Agreement, we have not been helped in any way as had been planned. Actually the demand for our wheat has lessened while virtually all other surplus countries have shipped as much or more than a year ago.

Primary receipts of wheat amounted to 433,000 bu compared with 441,000 bu last week, and 747,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 391,000 bu. When the visible is posted on Monday it will compare with a decrease last year of slightly over 2 million bu.

During a good part of the session there was indifference, and no special feature to the market. However, wheat prices did not recede much from yesterday's close, and at the last there was a good rally, although milling demand was still very poor, but as an offset to this hardly anything is moving, and there is no pressure from first hands. Everyone is now anxiously awaiting the possibility of export demand from England for our red wheat. One of the agencies in the East claimed that something may develop next week, as samples of both red and hard wheat were sent abroad a few days ago. Therefore, it will be interesting to see if this business is put through.

Corn receipts were slightly heavier, and weather has improved. Ordinarily during January we are building up our supplies at terminal markets, but this is not possible at the present time. Beans finally closed strong.

Mr. Truman's economic message did not have much influence. He asked for more control over speculation in commodities, but did not elaborate on the additional powers sought. Apparently he wishes to broaden the control which CEA has in the field of commodity markets.

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CHICAGO, 4

January 9, 1950.

There was no important moisture over any parts of the wheat belt, nor is there prospect for any material precipitation during the next twenty-four hours. Nevertheless, we are not hearing of any complaints and chances are that whether we get rain or snow now or two or three weeks later will not be too important. What really counts is that we get propitious rains during the growing period after the wheat plant comes out of hibernation.

The trade had been prepared last week for some large export business and undoubtedly some investment buying took place on the prospect of relief being afforded through the reduction of our red wheat stocks. According to Broomhall's advices this morning, the U.K. is said to be asking for samples of both U.S. red and hard wheats in preparation for buying about 5 million bu under the IWA Plan at a price of $1.91 or less FOB gulf ports. This authority further states that the Anglo-American Wheat Agreement expires on July 31, 1950. During the period of closed navigation there is not much that can be shipped from Canadian ports, and Broomhall believes that it would be advantageous for Britain to buy wheat in the U.S., together with coarse grain purchases in the Argentine, the latter under an Anglo-Argentine five-year trade pact, which calls for $20 million worth of corn, $3 million worth of barley, oats, etc., as well as some other items such as oilcakes. No mention is made of possible shipments of wheat from Australia, but very likely that country will share favorably in the business. As far as we can tell there have been no advantages to us through the International Wheat Agreement since it was adopted on August 1st. As matters now stand if shipments to Japan and Germany, which formerly were all from the U.S., would come under IWA, other exporting nations would claim their share of the business; thus our clearances might diminish rather than increase. It was this feeling of uncertainty that gave us lower prices this morning, and, of course, we have fallen down quite a little in our shipping program during the first six months of the crop-season. Most of the shrinkage in business has occurred in wheat and flour as far as exports are concerned, although there was also a $30 million decrease in dairy products during the July-October quarter, and possibly a further reduction in the following three months. Some offsets were evident in bigger exports of corn, tobacco, vegetable oils, eggs, lard, pork, and oilcakes. One factor, however, should be recognized: namely, that the decline in wheat exports was due largely to the improved supply position in the consuming countries, particularly in Western Europe. For a time, of course, the business was handicapped, as ECA countries could not participate and were awaiting a ratification of the International Wheat Agreement, but it looks at the present time as though we might be fortunate if we ship a total of325 million bu wheat and flour for the entire crop-year. There was some talk this morning of export business in corn, Holland having purchased, but no quantity of hedges seemed to be removed and the market as a result acted rather heavy. In any case, feeding operations must be huge, and very likely impoundings will also tie up a good part of our reserves. Therefore, we are not inclined to look for any sharp breaks, although speculative enthusiasm is lacking and most people who feel bullishly inclined have already made purchases, which is giving us a somewhat stale market.

Chicago wheat stocks showed a smaller decrease, declining 109,000 bu to slightly under 9 million bu. Local corn stocks decreased more heavily, the shrinkage amounting to 566,000 bu, and oats decreased 581,000 bu. When the U. S. visible supply figures were posted there was a decrease in wheat of 2.8 million, leaving a total stock of 191 3/4 million bu. This is 68 1/2 million bu more than we had on hand last year when Enid stocks were not counted. Corn decreased 822,000 bu, leaving 47 1/2 million bu in all positions compared with 46.2 million a year ago. Oats decreased 1 1/4 million bu, the total remaining is 15 3/4 million bu compared with 8.4 million last year.

The President's budget message was sent to the Congress, a few reductions were shown for some of our contemplated expenditures, but in the aggregate we still have an expensive program, and therefore, shall have to face deficit financing unless taxes are increased. This, however, did not have much influence on the stock market, although in grains there was quite a little liquidation, and sentiment was bearish, as we explained early due to disappointing exports. With general discouragement as prices went down, new buying power was not sufficient to bring about much of a rally. Weakness in wheat spread to corn, and selling in that cereal, while not heavy, was sufficient to give us rather severe breaks, with some stop-loss orders uncovered on the way down.

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CHICAGO, 4

January 10, 1950

The carryover feeling from yesterday was somewhat bearish, as the market had broken so easily on comparatively small selling orders. Also, the trade had in mind that last year and the year before we had such very sharp declines in February that naturally everyone was concerned. Of course, in both 1949 and 1948 the breaks occurred after farmers could no longer take the wheat loan, but yet the price of May wheat went to under $2, although by the same token, without very much buying there was later a sharp recovery. As near as we can learn the break of two years ago came from a very much higher level, while last year great discouragement took place when the government practically stepped out of the export market and seemed to show no interest in making further purchases to support the market or to carry on the export program. This year we have a somewhat different set of factors with which to contend. The government has not bought heavily, and, therefore, any change would also have to be for the better, in the event they tried to fulfill the export goal of 350 to 400 million bu.

Today is the calendar day for selling wheat, and despite this there was not much activity in markets because it is still reported that the sale of hard and red wheat to England is being considered and something may be heard on that score in the next day or two. It would, of course, probably take some hedges out of the pit, although very often news does not have the same influence the second time as the first, and at present most traders are cautious. It would be very helpful if any large quantities of red wheat were taken out of Chicago. That has been one of the bearish influences almost from the start of the season, and even now soft wheat East of here is cheaper; so unless some reasonably good business develops we may have indifferent markets for some time to come.

There was nothing in the Southwest to indicate much moisture overnight, nor does the Weather Bureau anticipate a change except that temperatures will be lower and more normal for this season of the year. There was a little more flour business again, and with the business having been mostly from hand to mouth, one could expec some improvement almost any time. Likewise FMA is telegraphing mills to submit offers but the quantities involved are not very large, although every little bit helps.

After the close yesterday there had been a report that France appeared to be on the official list of wheat exporters under IWA and had registered the sale of slightly over a million bu, which is approximately one-third of its assigned export quota. Actually this news is a month old. This wheat apparently was destined for Holland. Since then we have learned that ECA officials are reviewing the action because last year France had taken some wheat from us through ECA funds, but regardless of the outcome it does tend to show that gradually the demand from Europe is lessening. This has been one of the factors for some time now in causing discouragement because our exports are gradually getting back to normal, and certainly we shall have difficulty in keeping up the big shipments of the past three or four year However, there is no assurance either that with smaller acreages we will always have the big crops, but it does appear now as though our carryover reserve on July 1st will be considerably more than had been estimated earlier.

Primary receipts today amounted to 648,000 bu compared with 1,272,000 bu last week and 835,000 bu last year. Kansas City and Minneapolis stocks show a total decrease so far this week of 29,000 bu.

Chicago contract stocks this week amount to 4,721,000 bu compared with 4,842,000 bu last week. Thus it is quite obvious that we are not making any big inroads on the accumulations here and apparently it is going to take some export business to get us into better shape. Therefore, the demand for red wheat is most important as we have indicated so often. Trade today was not very active and the volume may have been considerably less than yesterday. There was no spirited buying but yet there were recoveries in all pits with a little better sentiment being expressed although everyone is still cautious. The commercial transactions were not large and we still find that there is no great pressure from first hands which is always a help, but, of course, at this season of the year we generally have a small primary movement in wheat, but, on the other hand, it is also a period when more pressure develops from Southern Hemisphere. The bookings of corn were light by both rail and barge and sales out of this market were heavier than the bookings. Actual arrivals by barge were heavy, at nearly 300,000 bu.

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CHICAGO, 4 January 11, 1950.

There is no special grain news overnight. Weather is being watched a little more carefully as we get closer to the growing season, although not much apprehension is felt yet even though some of the state reports are telling a little more about the needs of moisture over wider areas. For example, in Nebraska, it was stated that recent precipitation received was generally too light in a limited portion of the state, and no doubt the same will be true in other states when the weekly resumes are published.

It was also claimed that while a little corn was moving in Nebraska, there seemed to be some difficulty in obtaining corn for feeding because of the large quantity under seal. We have no way of giving complete data because there are so many uncertainties surrounding the statistical situation. For example, farm stock figures that were given by the government last night indicated a rather heavy disappearance for the quarter, but it is our belief and understanding that when the farmers wanted their cribs emptied the government moved some old corn into the new bins that had been built. This showed up as farm disappearance, which is properly the case, but in any event some of this might finally find its way back into the market if the price becomes high enough and redemptions are possible. The last figure we saw was 555 million bu corn from last year's crop impounded under the loan. It is difficult to tell from the CCC statement how much has actually been defaulted, but one must only guess that quantities were very heavy owing to the fact that the price was never sufficiently high to let producers out with a profit. Moreover, we find that 65 million bu corn was re-sealed according to a release by USDA on December 30th, and for this the farmer did get 10¢ per bu, but the quantities might even be greater at this time. All in all we find that ordinarily the farm reserve figures, which are so valuable, are at the present time misleading and inconclusive. The same might be true to a lesser extent in wheat where some grain has been moved off the farm into public warehouses. However, we simply have to wait for further advices but in the meantime may conclude that the consumption of corn will be heavier than last year by quite a margin; thus with the large number of animals to be fed total disappearance will be well over 3 billion bu. In view of the fact that acreage allotments are called for next year with the government having a goal of only 2.6 billion bu for the next crop would also indicate that gradually the statistical situation would improve.

For the time being there is not much speculation in any of our pits but there is still talk that England is going to be in the market shortly for either hard or red wheat, probably taking sizeable quantities of hard wheat with possibly also some soft varieties, which would be a big help to the Chicago situation. Whether stocks of red wheat east of here are nearly as heavy as some people had figured is likewise a question, but in any case the spread differential between old and new crop positions will be very definitely influenced by the amount of red wheat that might finally be shipped abroad.

Primary receipts of wheat today amounted to 415,000 bu compared with 596,000 bu last week and 481,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 268,000 bu.

Markets during the early part of the session were indifferent but there was a good undertone, and even in beans where it had been reported that one of the large manufacturing concerns downstate will close their expeller plant, although not their solvent plant, due to poor conversion, there seemed to be enough speculative buying to finally give us considerably higher prices. Some hedges were taken out of the wheat pit in response to PMA purchases and about 53,000 bags apparently were sold with the possibility that the agency may make further purchases shortly. Domestic business, according to The Southwestern Miller, is better, and some replacements are gradually occurring which is only natural since nobody is carrying very large stocks of flour. It will be interesting to see what the impoundings of wheat are by end of January when the program terminates although it will be some time before we get the final figures. Because of some misunderstanding int he trade, we were in touch with Washingtonto find out whether the farm reserve figures published yesterday included any grain that might have been under government ownership and were told that the Crop Reporting Board, irrespective of ownership, made their figure on basis of total stocks on the farms without taking into account distinction of ownership. Later on, they may give a break-up showing the amounts held by producers, and also, the quantities under other categories. Cash corn premiums were a little stronger and our market was very firm with a little better speculative inquiry. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 12, 1950.

There was a little scattered precipitation in the Southwest overnight, but the amounts were small, and apparently there is no immediate relief in sight, according to the Weather Bureau.

Trade is not yet much concerned over these developments, and as a matter of fact, July wheat is ruling at a big discount under old-crop futures. Main interest, of course, centered in export reports on business with Britain, but apparently nothing was done, although we understand that a request was made for a renewal of offerings on overnight acceptances. Thus there still appears to be a chance of completing business which has been under way now for three weeks. When we mention a lengthy period of that kind we have in mind that samples were submitted on both soft and hard varieties, and those in charge of operations in England, working under government orders, apparently take a much longer time than when business is consummated privately. We presume they have to weigh each factor in the international trade setup, not only with respect to price but also making their determinations where exchange is most favorable to Britain's economy. As we have pointed out often, it is much simpler for England to trade with countries in the sterling block than with the United States except for the dollars which we are loaning them. In that connection must point out that the ECA grant of funds to that country was $13,297,000 for wheat, and $1,703,000 for flour, both on basis of delivery by June 30th. Therefore, it appears as though there were a pretty fair chance of exporting the quantities in question, but there is still some doubt as to how much red wheat is involved in these calculations. At present, India, Egypt, and a number of other countries are holding a total of about $8 billion in sterling balances. Use of these balances constitutes a major drain on Britain's material resources and impedes the shift of such resources to the development and expansion of export industries needed to reduce its trade deficit with the dollar area.

Farm wage rates are somewhat lower than a year ago at this time, a decrease of 1.4¢ being shown by BAE in its last Farm Labor Report. Workers are now receiving an average of 58.7¢ an hour, and the number of hired workers on farms is slightly less than last year, although this is partially offset by an increase in family employment, and, therefore, the total remains at 7,150,000, which is about the same as a year earlier. The number of people living on farms has dropped from 32 million in 1910 to 26 million in 1947, which shows that through greater efficiency and mechanical improvements, tremendous increase in our crops has been made possible, with fewer number of people working. These improvements have never been taken into account in figuring parity; therefore, it naturally has made relationships between various periods unbalanced. We must not forget that in the first half of the 20th Century our total population has doubled, and yet we have not only been able to take care of ourselves, but have made important advances in the exportation of farm products to a point that last year we were able to export 500 million bu wheat and flour,which was more than any other country was ever able to accomplish in a similar period.

Primary receipts of wheat were a little heavier and amounted to 792,000 bu compared with 456,000 bu last week and 718,000 bu last year. Stocks at Kansas City and Minneapolis show a decrease of 377,000 bu so far this week.

The wheat market today was heavy because of the continued lack of actual export buying. So far as the trade in general knows, the British inquiry is the only thing of importance in the market at the present time. It is also likely that they may not buy the full amount at one time, as they seem to want shipments scattered over several months. Apparently holders of the March futures were somewhat discouraged, as there was pressure on that future all during the session.

Bookings of corn continued negligible, but barge arrivals continue in volume as this corn is being sent here prior to the closing of the canal locks on January 16th. Shipping sales of corn are difficult to consummate in any volume as there seems to be a tendency for some consumers to buy for only short period ahead.

The soybean market eased because of lack of any aggressive buying in the products with prices for meal again quoted lower, although the oil price was up a fraction.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 13, 1950.

The long-awaited business with England finally developed, but as near as we can tell there were only about two cargoes of wheat involved; one at the gulf and one at the Atlantic, comprising some hard varieties, which may be the beginning of the 5 million bu that has been spoken of often during the past ten days. While it is quite likely that there will be further exports to that country, probably to total 5 million bu within the next few weeks, there is not much other business pending, although, of course, it may be spasmodic but everybody knows there is bound to be trade during the last six months of the crop-year. Generally speaking, our heaviest exports are from July 1st to end of December, and during the present crop-year, 160 1/2 million bu was cleared in that period, but even if the same quantities would be shipped from January to end of June, it would only mean a total of 320 million bu, and might, therefore, give us a carryover of nearly 400 million bu on July 1st. One thing, ofcourse, has happened during the recent period of decline: namely, that impoundings in the Southwest have been heavier than would otherwise have occurred had prices stayed up. Consequently , in addition to the 295 million bu wheat impounded by end of November, there may finally be close to 350 million bu taken out of commercial channels by end of this month, although we shall not have those figures for quite a time, as it requires a good deal of bookkeeping before the country banks report to CCC headquarters in Washington. Even assuming, however, that we are correct in this surmise, there should be enough free wheat during February, March, and April, so that nobody would find any great hardship if he had to take care of either milling requirements or moderate exports. Later on the situation might become tight, as indeed has been the case in so many past years even when we had very large reserves but when the bulk of the wheat was in government hands.

Thus with these great uncertainties there is not much speculative enthusiasm in the market, and the open interest has declined a little lately, with all contracts of wheat amounting to 57.8 million bu, or a little less than in corn. It also shows that with the very big visible, hedges in the market cannot be large but this has likewise been known for some time as a good deal of wheat in terminal markets is not privately owned.

Overnight weather was somewhat better than had been expected. There was some nice moisture in eastern Kansas and in eastern and central sections of Oklahoma, but no likelihood of the really dry sections in the west getting any immediate relief. While Fort Worth, Texas, had a heavy downpour, this was not the case in the Panhandle of that state, but the corn belt had very heavy rains and precipitation will probably continue for another day.

Probably one reason that England bought wheat on overnight offerings was that the market had declined from the day before, while at the same time the government did not reduce the subsidy but some disappointment was expressed in that there was no red wheat involved to England, although there may have been some sold in small quantities to other destinations. Soft wheat is still an important market factor for Chicago, and as is so often the case a small balance one way or the other influences the futures market. We have seen instances when red wheat was scarce and biscuit and cracker industries needed such varieties so that the premium went to 20 or 30¢ over the future, but this year with the abundance of supplies and lack of demand from Europe, discounts prevailed, and this is still the case, although there has been some improvement.

Primary wheat receipts amounted to 724,000 bu today compared with 433,000 bu last week and 763,000 bu last year. Kansas City and Minneapolis so far this week show a total decrease of 449,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease last year of 4,638,000 bu.

With a lower stock market in the earlier part of the session, disappointment was expressed over the meager export business, and lower prices for wheat found sympathy in other pits. However, towards the latter part of the session, short-covering took place and as the local trade represents a fair percentage of the total business, it exerts quite an influence. On declines offerings of cash wheat in the Southwest dry up, and it still needs prices around $2.39 to $2.40, basis Galveston to attract larger offerings.

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CHICAGO, 4 January 16, 1950

There is no real change in the statistical position of wheat, and, of course, at this time of year one can only go by early government figures at least until we come into the growing season or unless there should be adverse weather to make us change views previously expressed with respect to the 1950 crops. When the government made its estimate in December, they forecast that with the reduction of 15% from last year, 53 million acres had been seeded to winter wheat and that on that basis we might expect a crop of 885 million bu to be harvested next summer. If the spring wheat acreage is down the same as winter, yields might average 250 million bu, which would give us total production of 1,135 million bu, while the 1949 crop was 1,146 million bu, and the record in 1947 was 1,367 million bu. All this is, of course, just a projection, and there has been no great amount of relief in the way of moisture Southwest. On Saturday it had been hoped that we might have had some more moisture in central and southern sections of Oklahoma. This, however, did not materialize, and the forecast is for rather seasonal temperatures, somewhat higher than those now prevailing.

The trade was somewhat disappointed in that there was no further export business to Britain, although there is still a chance that it will develop, but nobody knows just when, and the important item is whether our stocks of red wheat in Chicago will be reduced, but at the moment we cannot figure too much that there will be any relief on that score. Stories were also circulated about the shortage of foodstuffs in Spain and there was a front-page article in yesterday's New York Times, indicating the need for 500,000 tons wheat, corn and rye, and that the country was trying to arrange credit for purchases, and also, endeavoring to get some grains from Russia. This did not have more than a passing effect on our market, and some selling orders came into the pit with new buying rather feeble.

Several days ago the Northwestern Miller, in one of its special bulletins, told of the probable decline in estimated corn exports, which was causing some concern amongst PMA officials. There is, however, a chance that the government will reduce its own holdings, making sales for export, which, of course, would be at the expense of the private trade. As we understand it, CCC has no authority to sell any grain that is defaulted in the domestic market for less than cost plus charges. However, they are permitted to sell through export channels at lower than the defaulted price; therefore, they would be in position to do a considerable amount of business, which might be more bearish than if all their holdings would remain impounded and export sales were made out of receipts coming to the free market. It remains to be seen whether such a policy will be pursued.

It is interesting to note that farm land in the United States is predominantly owned by private individuals. Taking the country as a whole, 85% of the nation's 1.1 billion acres of land in farms is owned by individuals; 6% is held by corporations, 6% is owned by the public (Federal, State, and other units of government), and 3% is in Indian lands.

When the visible supply of wheat was posted there was a decrease of 1,877,000 bu; this leaves total stocks in all positions just less than 190 million bu compared with 118 1/2 million last year. Allowance should be made for Enid stocks, which are 24 3/4 million bu. The corn visible decreased 1,463,000 bu, which leaves remaining stocks at 46 million bu, or a shade more than last year. The oat visible decreased 615,000 bu leaving 15 million bu in the visible against 8 million bu a year ago. Chicago wheat stocks decreased only 156,000 bu, but there may be a heavier shrinkage next week due to recent sales of hard wheat made at the time of exports to Britain. Local corn stocks increased 367,000 bu, and practically no change in oats

Our market was rather heavy. We believe that some disappointment in wheat was expressed by traders who sold, and they felt discouraged owing to the fact that there was no further business with Britain. Commercial transactions were small; while there were heavy carlot receipts of wheat at Kansas City, we believe most of it applied to previous sales. The government reported 250,000 bu rye bought at Minneapolis over the week-end, which for a time created firmness in that market. In corn, as stated above, there is some apprehension that if the government decides to reduce its own stocks through export, it will mean smaller business done through private hands, and possibly a little heavier accumulations at terminals, which would make it easier for processors to get their supplies.

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CHICAGO, 4

January 17, 1950

In the final analysis the tempo of our export business will determine the price level during the balance of this crop year and the amount of carryover as we nter the new crop year on July 1st. So far our export program is lagging. The In-rnational Wheat Agreement has not assured us of the shipment of our allocation nder the Agreement, and is falling short of expectations of the proponents of this greement. Only approximately 37 million bu have been sold from August 1, 1949 rough January 12th. In fact, it is apparently proving a detriment to the milling dustry, and representatives of the Millers' National Federation have recently met ith the Secretary of Agriculture urging that the subsidy be increased, and also press ng for a general subsidy on flour to meet competition from Manitoba wheat in such raditional flour markets as the Philippines, where brands of flour from the United tates have been established for many years and previously sold on a competitive asis. Apparently the British are in no hurry to buy their full commitments, and no urther export business was reported from that source overnight. According to a ress dispatch, the Spanish government is flying $12 million in gold to New York as gold for a loan to purchase wheat in the United States and Canada. While banking officials have refused to either confirm or deny the loan report, it is stated that the Spanish Ministry of Industry and Trade will ask for bids to supply 550,000 tons of cereals, which must arrive in Spain between March 1st and June 30th. However, in some export circles it was thought that Spain was not quite ready to place any business. There have been quite a number of rumors in markets recently of prospective British and Spanish buying. These have at times had a temporary market effect. However, it will probably take some evidence of real business to stimulate the trade.

In trying to analyze the situation in futures and cash markets, one must draw quite a line of distinction between the hard winter wheat section of the Southwest and the soft winter wheat area East of the Mississippi. Cash wheat remains relatively tight in the Southwest, and it apparently needs a price equal to $2.39 or $2.40 basis the gulf, to induce any real selling on part of producers. This price would clear any farm-stored wheat but still would not be any real incentive to redeem loans against warehouse receipts. While at times some selling has been apparent in the Southwest, it seems to have come more from second hands than from producers. In the red wheat district East of the Mississippi, cash wheat is still selling at a discount under Chicago March. Chicago stocks are diminishing at a rather slow pace, and while a certain amount of wheat is used in milling consumption, no great encouragement has been in evidence from export circles.

In looking at the statistical position, wheat on farms, as of January 1, 1950, in the states East of the Mississippi River totaled 58 3/4 million. Farm loans as of November 30th were 5 1/4 million bu. While there is a lag in reporting loans, the amount of free wheat on farms was around 53 million bu compared with 52 1/2 million bu total on farms the previous year. The amount tied up in loans is a small percentage. On the other hand, in the states of Nebraska, Kansas, Oklahoma, and Colorado, farm stocks as of January 1st totaled 103 million bu, while farm loans as of November 30th were 31 million , leaving 72 million as free wheat. The total amount on farms January 1, 1949 was 132 million bu. The percentage of farm wheat in the loan is slightly over 30% of total farm stocks.

Primary receipts of wheat today totaled 675,000 bu vs 648,000 a week ago, and 1,120,000 bu comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 25,000 bu.

The weekly weather report on crop conditions indicate that precipitation was rather widespread except that dry sections of the middle and southern portions of the western Great Plains and middle and southern Rockies received little substantial relief. While wheat is in the dormant stage some damage from wind blowing was experienced in central and north central Kansas; also central and western Nebraska. The condition of winter wheat is reported to be satisfactory in all areas from eastern portions of the Great Plains to Atlantic and Gulf coasts.

There was a somewhat better feeling in wheat today due to the fact that there are some export inquiries including four cargoes for the Dutch, whether any business develops overnight remains to be seen. In the early part of the session there appeared to be hedge-lifting, which would indicate some flour business, although inquiry is restricted and mills arc doing only a meager business.

Beans received impetus from the fact that a dairy state substitute on the oleomargarine bill was defeated in the Senate test and those who advocate repeal of the act seem to have control, and hopeful that the measure already passed by the house will go through the Senate. There is also a report that the government will be in the soybean market in the not too distant future.

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CHICAGO, 4 January 18, 1950

Temperatures in the Southwest had dropped rather sharply. Cold weather as not preceded by moisture of any kind, although precipitation was reported gain in the Chio river valley where floods have already done some damage, but on he whole little complaint is heard with respect to poorer crops for next summer, lthough we admit it is still very early to have scares. Unless the moisture situaion is more equalized later on we may have to revise our ideas based on figures he government gave us in December.

There has been a little better export demand during the past few days. Part f this is due to additional grants under the Marshall Plan, with $12 million earnarked for shipment to The Netherlands with delivery by end of June. As a result Holland was reported to have bought 3 cargoes from this country, probably representing gulf wheat. Britain may have taken a few small parcels, or even a cargo while it was rumored but not confirmed that Spain had made purchases of Manitobas. All this leads to the belief that March wheat may finally be influenced by ample stocks of red wheat housed here in Chicago elevators, and to that extent the situation has not been altered from previous calculations. The government has officially stated that exports of wheat and flour for the first six months of the crop-year have amounted to 168 million bu, which is a little bit better than Broomhall's estimate given previously, but we must not forget that we have already passed the period when ordinarily our shipments are at their height; thus it is hardly reasonable to expect that the total for the entire year will amount to much over 325 million bu. There is some argument over the admission of Germany and Japan as members of the World Wheat Pact. Britain has registered formal objection, claiming that those two countries would be the second and third largest importers, following the lead of England, and that it would consequently hurt Britain's bargaining position. Likewise there is disagreement between Canada and ourselves as to the division of quotas, particularly as heretofore all the supplies had been coming from here. As matters now stand Canada is trying to get an allotment of 30 million bu for herself.

Broomhall's Foreign Crop Summary comments on lower temperatures and snow in a number of countries on the Continent but that elsewhere temperatures are mild. Generally speaking, conditions seem favorable, although some sections will shortly be requiring moisture. According to the same source, an Australian private estimate is running above 200 million bu, but very shortly an official forecast will be made; in any case, it looks as though conditions were above average.

There was some buying of May wheat futures this morning against overnight export sales, but likewise some selling in the pit of March wheat, which narrowed the spread, and on the whole trade was rather quiet, as is so often the case at this season of the year. Corn was also a little firmer, and with barge operations temporarily abated while repairs are being made, it is generally figured that receipts will be somewhat smaller.

The government has started hog support plans on a limited basis, with an announcement that purchases would be made of smoked hams, smoked pork, bacon, and a few other items, with the possibility that the program will gradually be extended to virtually all fresh pork products if it becomes necessary to maintain the price level. Apparently packers may submit offerings each Monday through Thursday, with acceptance not later than noon on Friday. When these accumulations are made, it is hoped to find ample outlets for school luncheons and institutional distribution.

At no time were markets very strong, although for a while wheat was firm, while hedges were covered against export sales. Later on there was considerable selling of May corn by an important export house, and shortly afterwards there was an announcement on the broadtape that a new CCC plan had been developed to reduce stocks of various commodities through export including grain which had been accumulated. The price presumably is not to be less than market at the time sales is made. We understand there is 100 million bu of corn involved, 20 million bu of barley, and 13 million bu of oats. Naturally this had a very depressing influence on the price level, and there was considerable liquidation. It is not known definitely just how their program will work, but everyone has known for years that when prices were held artificially high grain would finally go to the government through default, and now comes the question of storage, and the question of keeping quality with respect to perishable commodities. Other news did not count for much, but weakness in corn spread to other pits, and the close was quite weak. Finally, of course, it means that larger quantities will be impounded. Therefore, the secondary consequences cannot yet be foretold.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 19, 1950.

There was considerable apprehension expressed after the close yesterday ollowing the government's announcement that surplus commodities would be sold r export in an effort to prevent burdensome accumulations. However, later dis-atches tempered bearish opinions previously expressed, and it now looks as though CA funds could not be used for the purchase of our grains, such as corn, barley, nd oats. Therefore, the final effect may not be as drastic as had been at first eared. It was later stated by Mr. Trigg, President of the CCC, that the Department ould not do anything under the new program that would break the market. He latly stated that CCC would not follow the market down on grain sales under the ew export sales policy. Be that as it may, it is still a fact that if the regular ex-ort houses are able to obtain their supplies without going into the open market and idding for them, indirectly at least it would have an adverse effect as compared ith normal operations in connection with their business. Furthermore, if quan-ities are sufficiently great, and the government speaks of a probable 100 million bu involved in foreign sales, to that extent certainly a much smaller quantity would be taken out of our terminal market supplies, and by the same token such grain would be available to domestic users. In corn there is only about 15% of the crop which leaves the county in which it is grown. Consequently, even though we have had many 3 billion-bu crops, the amount moving into commercial channels is ever so much smaller than in wheat because the largest percentage is fed to livestock, and of late much has been kept back in the country to be impounded. Thus, despite some of the later statements which have been offered, it is the same story as when a nail is driven into the wall, it can be taken out but the hole is still there.

Many people are now skeptical and figure if the present program does not work that the government may resort to some other plan of reducing surpluses and accumulations. Meanwhile, of course, there is apt to be much more corn destined for the loan than would otherwise have been the case, and this will be particularly true if further declines occur. Therefore, this new artificial situation is bound to cause uneasiness. It may take quite a little time before confidence is restored. One thing is obvious, and that is, when accumulations become burdensome they must finally be reduced, and this is true whether it is a government surplus or whether supplies thus built up are in private hands. We have seen it in the days of the Farm Board, and more recently we were not too much impressed with the government's building of storage, which simply delayed the final day of reckoning.

Our total exports of grain and grain products for the first six months of the crop-season total 284 million bu. This compared with 338 million bu the year before. Of this amount 168 million bu was wheat, flour, etc., a reduction of 102 1/2 million bu from the season earlier, but exports of other grains were larger, (principally corn and corn products,) which totaled 116 million bu. This was in contrast to only 48 million bu of sundry grains, exclusive of wheat and flour the year before. Taking corn by itself we shipped during the first six months of the crop-year 64.5 million bu compared with only 22 million bu in the like period of 1948, thus indicating that the demand for feeds in Europe has shown an improvement while at the same time breadstuffs seem to be more plentiful and are not needed to the same extent.

Primary receipts of wheat amounted to 543,000 bu compared with 792,000 bu last week, and 439,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 92,000 bu.

There seemed to be a little better feeling in today's market --first of all, there was continuation of export business, although probably on a smaller scale. We heard of some hard wheat sold at both Gulf and Atlantic ports, which shows at least that in spite of the lag last month there is some being booked at the present time. It is probably also a fact that native supplies in Europe are running low, and that they may have to replenish by making purchases from surplus countries. On statements made in behalf of certain officials at Washington to the effect that the new export program would probably involve only small quantities of grain, there seemed to be better sentiment, and at least the urgent liquidation apparently was not such as we witnessed yesterday. In fact, the March corn delivery gained considerable ground, while offerings of corn from the country were light. The whole atmosphere seemed to be a little clearer, although aggressive buying was lacking.

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CHICAGO, 4

January 20, 1950

There was no special news overnight. This referred both to conditions of weather and grain. Moderating temperatures seem to be in prospect, but there is no precipitation forecast for the Southwest, which is rather unfortunate, because the state reports recently have stressed the need for top-soil moisture, although in looking over the reports for a longer period, we are somewhat surprised to find conditions as satisfactory as they are. Some exceptions are Nebraska and Colorado, where December moisture was 46% and 75%, respectively, of normal, and the proportion for the three months was hardly better, although in some of the other southwestern states we find a more satisfactory condition, which is tabulated below:-

		DECEMBER	OCTOBER-DECEMBER
Kansas	-	110% of normal	86% of normal
Oklahoma	-	101%	80%
Texas	-	123%	118%
Missouri	-	163%	129%

We are not mentioning anything at this time about other winter wheat states, such as Illinois and Indiana, where precipitation was quite heavy. For example, December was 227% of normal in Illinois and even East of here, while rainfall was not as plentiful, Ohio had 109% of normal during December, although previous to that it had been dry. Altogether it is not too important whether there is moisture in the next two or three weeks, but later on it is going to become an important factor, particularly with the smaller acreage that has been sown to winter wheat, with about 10 million acres having been taken out of production.

Further export business was reported, including one cargo at the gulf, and this is all helpful to the market, although, surprisingly enough, it is not influencing commercial business in the wheat pit to any great extent. Possibly some of the holders who have recently made sales to exporters were not fully hedged, and this is about the only explanation that we can offer. Despite the fact that cash wheat is selling below loan prices in many areas, some is either coming out daily or is being sold from storage positions, but in spite of this fact we are convinced that impoundings are bound to be heavy. This may be reflected in a tighter cash wheat situation later on unless prices advance.

As far as corn is concerned, there is still light trading in the pit, and confidence has not been appreciably restored. Several reasons are given for the recent statement made by the head of CCC, which was somewhat ambiguous with respect to shipments, and, of course, early indications were that our government was going to dump corn, oats, and barley at sacrifice prices in order to prevent spoilage of stocks, which might later become burdensome. While apparently this view was incorrect, it does look very much as though CCC would have to make some explanations to the Congress on the piling up of surpluses, particularly as they are seeking additional funds to handle defaults which will take place this spring, and they are attempting to insure the availability of sufficient facilities to handle about 450 million bu grain to which the Corporation is expected to take title in May and succeeding months. This has to do with the small grains other than corn. Officials claim there is only about 40 million bu capacity of the temporary bin-type storage; therefore, they look to the commercial trade to take care of the balance, and hope they will be in position to do the entire job. What the final outcome will be is anyone's guess, although reduction of acreages will undoubtedly have a bearing on future crops, and particularly if we have smaller yields per acre, following the many seasons of bumper crops.

Primary receipts of wheat amounted to 653,000 bu compared with 724,000 bu last week, and 540,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 181,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 4 million bu.

After some hesitancy and indifference markets firmed a little and there seems to be no particular pressure, but on the other hand speculative enthusiasm is at low ebb, and the open interest in wheat declined again yesterday showing that new incentives are needed. Beans were weak, because the meal market is soft, and apparently no immediate likelihood of improvement, yet there are no large quantities being offered from the country, and the market late in the session firmed some in sympathy with other grains. Duty was paid on a cargo of rye here in Chicago, and this had a somewhat depressing influence on that cereal.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

January 23, 1950

For the period January 13th to 17th, the USDA announces sales of approximately 4 1/2 million bu wheat, including wheat and wheat flour in wheat equivalent under the International Wheat Agreement. This brings the cumulative sales from this country under the Agreement from August 1, 1949 through January 17th to approximately 41 1/2 million bu. In other words, for 5 1/2 months there has been slightly less than 25% of our allocation actually sold under the Agreement. While these figures may be stepped up somewhat due to sales during the past week, it still shows the terrific lag in our export sales. There are some inquiries in the market, or expected in the market very shortly, as apparently Holland still requires 80 to 90,000 tons wheat, and also, corn for February, March, April, and May, while Spain is asking for offers on about 500,000 tons wheat, corn, and rye. It is also believed that the United Kingdom will be asking for offers on #2 and #3 red wheat. Normally, during the first three or four months of a crop-year, exports are the heaviest, and unless shipments the balance of this crop-year are stepped up, it certainly appears rather dubious whether exports will total 350 million bu wheat, and will probably not exceed 325 million. From August 1st to January 12th, inclusive, or twenty-four week Canada has exported about 110 million bu. This would be an average of 4,583,000 bu per week, although since the middle of December this weekly average has not been obtained. On basis of twenty-four weeks it would indicate exports of 238 million for the year, leaving a carryover on August 1st of 81 million bu compared with approximately 99 million bu on August 1, 1949. Their actual exports for the period mentioned above are about 20 million larger than the previous year.

The Department of Commerce in a recent release states that November wheat flour production was the lowest November output in recent years, running 8% below the October level and 17% below November 1948.

In commenting on the international economic situation, one economist points out that he does not see where the devaluation of the pound sterling will cure the deficit. Part of the gain to date is due to import restrictions rather than to the expansion of exports and the same party does not believe that British imports can be compressed much further without adversely affecting her productive power. Unfortunately, American capital is immobilized so far as foreign investments are concerned and to use the words of the economist, "The American investor is not willing to step in where the American taxpayer leaves off." It is more or less of a vicious circle and a dollar shortage probably cannot be overcome until such time as the channels of international capital flow on a purely commercial basis. Thus it seems to be another example of where no amount of planning seems to find a substitute for private endeavor and private initiative.

Primary receipts of wheat today totaled 1,317,000 bu vs 1,551,000 bu a week ago and 1,046,000 bu on the comparable day of last week. When the visible supply was posted wheat showed a decrease of 5,854,000 bu and now stands at 184,054,000 bu or 69,467,000 bu more than a year ago, although at that time Enid was not a reporting station. Corn decreased 40,000 bu and now totals approximately 46 million bu. Chicago stocks of wheat show a decrease of 618,000 bu leaving 8,184,000 bu in this market and reflects sales made out of Chicago within the past week.

There was no moisture to speak of in the Southwest over the week-end, the present indication pointing to some rains in central and eastern Kansas and through the State of Nebraska but nothing is forecast for the more westerly areas.

The market received some support during the session from export inquiries as indicated in the forepart of this letter and also on the fact that there was probably 200,000 bu red wheat sold in Chicago and the best part of a cargo at the Atlanti seaboard. However, the two sales are not necessarily shipping sales but more of a transfer of ownership to exporting sources. Flour business continues slow for the Southwestern mills although those in the spring wheat territory experienced a better volume. Export flour business is also inactive at the moment.

Corn shelling operations in northern Illinois have been somewhat hampered by the damp weather and we have heard of several farmers who had contemplated starting to shell today that have had to call off the operations. One private report stated that approximately 14 1/2 million bu corn in Illinois was under the loan or purchase agreement and compared this with a figure of 10 million bu the same time a year ago. Soybean meal still shows no strength and the officials of the Office of Foreign Agricultural Relations are less optimistic than a few months ago on the prospect of exporting large quantities of American fats and oils to Europe; depreciated currencies causing some of the difficulties.

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CHICAGO MERCANTILE EX.

January 24, 1950

While there seems to be little confusion as to the actual amount of export usiness that has transpired, it is self-evident that a fairly large amount has been onsummated in the last few days. The private trade has been very efficient in the andling of the business, and while we doubt if there has been any real profit for any f the exporters, nevertheless, it has moved a fair quantity of wheat and corn. We an make no check-up on the amount of soft red wheat actually involved in these ransactions. So far we have been able to locate only parcel lots and do not know at he moment of any cargoes, although believe that England is still expressing some interest in No. 2 and 3 soft red wheat.

It has been talked about for some time that the Spanish government wants bids on shipments up to 500,000 tons grain, including wheat, corn, and rye. According to the Foreign Policy Association, the Franco regime appeal for wheat from any country whatsoever, even its old enemy, Russia, dramatizes the threatened food shortage to meet the deficit before relief is obtained from the 1950 harvest. The present situation is somewhat aggravated by the cessation of imports from the Argentine. It is also another move in the campaign to obtain recognition in dollars from the U. S. and to bring pressure for direct loans either from the U. S. government or private investment houses. Imports from the U.S. are running ahead of exports; therefore, it looks like it would be necessary for Spain to negotiate another dollar loan, and we think shipment of gold has already been made to the Chase Bank in New York for such purpose.

We have been asked several times as to the arrangements which England has made to use ECA funds to finance British purchases of Canadian wheat. We have been informed that when Sir Stafford Cripps was in Washington last September, he obtained $175 million of ECA funds to finance the British purchases of Canadian wheat, but in order to do so he had to agree to buy $30 million worth of U.S. wheat and flour, and it is against this $30 million that English business has been placed recently, with inquiries still in the market for additional quantities.

We are now in the third decade of attempting farm programs, with the solution no closer than it was some thirty years ago. Secretary of Agriculture Brannan has stated: "I cannot conceive of a growing economy during a period when agriculture is going through an economic wringer," and warns that we are now facing a $2 billion a year drop in the income of farmers. The dumping of surpluses is arousing the antagonism of other countries and our entire domestic program seems to be in contrast to the attempt of ECA to have a free and unfettered trade in foreign countries. With unrealistic loans large surpluses are again staring us in the face and the Department of Agriculture is calling for the private trade to furnish 400 million bu additional storage space for 1950 or else face the possibility of the government increasing their own storage. Present loans do not permit agriculture to adjust itself to postwar conditions, and we now seem to be embarking on a program of forcing the domestic consumer to pay high prices while certain surplus crops are offered on the bargain counter abroad. We have always argued for some floor support to keep prices from declining too drastically and have always forecast the difficulties to be encountered with government control which must be exercised while inducements are offered to the farmer to produce for loans rather than for consumption. We now have acreage controls in many of the major crops, and should weather this year be favorable we may be face to face with marketing quotas, thus telling the farmer what he can raise and what he can sell. If this comes to pass, it will be a long way from free enterprise as we have known it in this country.

Primary receipts of wheat today totaled 1,029,000 bu vs. 675,000 bu a week ago and 616,000 bu the comparable day of last year. So far this week Minneapolis and Kansas City stocks do not show any change.

The early morning forecast indicated the possibility of moisture in eastern Colorado and the western part of the winter wheat belt but the later forecast was not quite as hopeful. The weekly weather report on small grains calls attention to the fact that the drought areas have received no substantial relief and that the situation was aggravated in parts of the area by high winds causing more soil erosion and slight damage. In northwest Texas and Oklahoma Panhandle wheat is dormant but badly in need of rain, while same is also needed in western and central Kansas where dust-blowing occurred. Otherwise, moisture situation and condition generally satisfactory in nearly all other sections.

UHLMANN GRAIN CO.

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CHICAGO, 4

January 25, 1950

There was some further export business overnight in wheat, and we understand that about 1,400,000 bu was worked to Mexico, which is quite a sizeable order, although there was no evidence of heavy lifting of hedges in the pit; therefore, it did not have much influence on our market. There had been considerable precipitation in the form of snow over Kansas and Nebraska during the past twenty-four hours, lso a heavy rainfall over Missouri and East of the Mississippi River. Precipitaion in the western area was not as heavy as one would like, but yet several places n Northwest reported 3 to 6 inches of snow and lesser amounts elsewhere. Other places were also benefited, and the forecast for all areas calls for snow tonight and Thursday, which should prove helpful particularly in view of the topsoil moisture deficiency, which has caused some blowing during the past week.

Farm income is somewhat lower than last year, and farmers' cash receipts or marketings in January are tentatively estimated by the government at $2.2 billion, which is down seasonally from December, and is about 10% below receipts a year ago. Total volume of marketings will probably be about the same as they were in 1949 but prices are lower, and we believe that a good part of the decline is in livestock and livestock products. The government is discussing the need for additional elevator capacity to take care of grain which will come to them through default next May, and it is still hoped that private interests will be able to take care of those requirements. After all, the wheat carryover may be only about 100 million bu more than last year, while the next crop is apt to be smaller, although we admit that the corn reserves will be somewhat larger. While everyone realizes the importance of parity to farmers, there is a growing belief that if we want real social security in this country, we must also have parity for our dollar. Those who have been thrifty and have saved in order to build up a nest-egg for later years are finding that the present dollar buys only about half as much as it did before the war, and it is the further fear that if our spending continues far in excess of the monies collected by government, further inflation may cause the purchasing power of the dollar to diminish to even a greater extent, so that pensions and other provisions to take care of people in old age will not be as effective as at the time the money is invested.

Acreage allotments for corn have been imposed in some 837 counties for next year's crop. Thus far there has not been much complaint on that score, although undoubtedly farmers will be looking toward other fields to plant increased acreages, possibly beans if it is permitted. There is more concern, however, about marketing quotas, if these are made mandatory, but nobody can tell yet how much we shall raise next summer with smaller acreages planted; therefore, forecasts at this time would be mere guesses. At any rate with increased use of fertilizers and better cropping practices we may not have the big crop reductions which might otherwise occur. Winter wheat seems to be in fairly good condition throughout the country and if we now receive sufficient moisture in some of the poorer sections of the Southwest, there is still every likelihood of bountiful returns next summer.

Primary receipts of wheat amounted to 511,000 bu compared with 696,000 bu last week and only 345,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 154,000 bu.

Trade in the various pits was rather light, despite the export business to Mexico, and the reported sale of a cargo later in the session to the U.K. Not many hedges were taken out of the market, although there was some overnight business against PMA flour sales, and this necessitated some covering in Kansas City and Minneapolis, as well as here. However, after hedges had been purchased, there seemed to be some profit-taking and possibly some of the weakness today was in sympathy with lower prices for July wheat, the new-crop futures being influenced by better weather and the Southwest moisture.

Broomhall's crop summary from Europe indicated that there was no adverse effect on crops due to cold weather, and most countries had welcomed additional moisture, although conditions in Germany are somewhat less favorable than a year ago due to dryness in southern areas. Austria has had snow and rain, which benefited crops, while in the U.K. conditions are mostly satisfactory. Italy reported snow in the North following complaints of dry topsoil.

Corn futures were firm and receipts at terminal markets seemed to be light. Today's primary movement was only a little more than half of last year. There is not much support coming into beans. Chicago stocks are ample for the time being, but it is felt that later on processors will have to lift hedges and the open interest

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CHICAGO, 4 Jabuary 26, 1950.

Some additional moisture had been forecast for the Southwest. However, it failed to materialize, and as matters now stand relief in the western sections has not been as great as had been hoped for, while lower temperatures have set in and i looks to be mostly clear.

This may have had a little influence in bringing about some covering of the ew-crop futures, but the main factor was the government report on stocks in arious positions that had been issued after the close yesterday. At first glance t showed a tremendous amount of grain in all positions, but, of course, we must ake into account that the carryover of corn was a record for all time, and even vith the somewhat smaller crop this year than last, it was bound to leave us with mple supplies; yet on further analysis it showed a very heavy disappearance for he quarter. The crop and carryover this season was 4,192 million bu, and the anuary stocks given by the government yesterday were 2,830 million bu, which shows an over-all disappearance of 1,362 million bu. This itself is tremendous and compares with the total disappearance of a year earlier of 1,166 million bu, so that the disappearance for three months is 196 million bu more than last year, and shows that all the reports of heavy feeding to animals must be correct, and the corn has shown disappearance quickly, even though we have not had any severe temperatures to speak of in many of the states where feeding is ordinarily heavy. Still, we must take into account that the overall stock at the present time is 190 million bu larger than last year as of January 1st, and while there is plenty on hand one would imagine we may not add too much to the carryover reserves next October.

As for wheat, we cannot make quite the optimistic comparisons. There was 908 million bu in all positions on January 1st, which meant a disappearance of 544 million bu for six months, which compared with 640 million bu the season earlier. The reduction was due almost entirely to smaller exports and, therefore, suggests that our domestic consumption is going along according to schedule, and will not differ much from last year. However, the conclusion we draw is that if we export a total of only 350 million bu wheat and flour for the entire season, we shall probably have a carryover reserve next July of somewhat more than 400 million bu, which is tremendous, but yet does not offer anything new in the picture, as we have been prepared for that right along.

The government also gave some figures on rye, indicating 17 1/2 million bu left in the various locations. This is quite a bit more than we have had during the past few years, and is the result of larger imports from Canada with shipments from here almost nothing. Then, too, distillers must have used small quantities, and all in all, it looks as though there were virtually as much left now as we raised; so not much headway has been made in reducing stocks, although the price is at a level at which there might be some export business, particularly for those countries which are looking at price and want bread-grains where they can get most for the dollar. Yet there has been very little enthusiasm up to now, and it remains to be seen whether Spain will come into the market.

It was reported today that two cargoes of corn had been sold via the Atlantic and also, some hard winter wheat to Holland from the Gulf, but as far as we can determine the amount of red wheat being sold from the Atlantic is still small, and supplies in the East are cheaper than Chicago grades; consequently, there is nothing too definite to make a determination on what may be delivered on Chicago futures contracts during March and May.

Primary receipts of wheat amounted to 547,000 bu, which was practically the same as last week and compares with 469,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 320,000 bu.

According to the Southwestern Miller flour business was at a complete standstill so far as bakery business was concerned, and no inquiries seem to be coming from either chains or large users. Nevertheless, markets were rather firm and there was no pressure, although we find a little more wheat seems to be coming out in the Southwest when futures or premiums advance. This has been well shown during the past few weeks when exporters were able to buy their supplies readily on slight advances.

Corn was naturally influenced by the heavy disappearance during the past quarter, although buying was not spirited. Soybeans showed a better undertone even though meal prices are still indifferent. It is figured that one of these days processors who are hedged in May and July will probably have to come into the market to cover those hedges, Meanwhile it is rather quiet.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 27, 1950

Temperatures were somewhat lower over many parts of the grain belt. However, it was more seasonal and the forecast is for clear weather everywhere, possibly somewhat warmer, but no moisture seems to be in sight.

Trade was quite impressed with some overnight figures that had been given, showing that 48 million bu wheat was impounded under the loan program during the month of December. Heretofore, there had been any number of guesses as to what the final total might show, and we ourselves were of the opinion that it might not exceed 350 million bu, but we must now alter our views, particularly since fair quantities are probably being tied up during the month of January, although it will be some time yet before we get any further advices. On the assumption that a similar quantity goes into the loan this month, we would finally have close to 400 million bu taken out of commercial supplies, which would be practically as much as we are likely to carry over on July 1, 1950. The December figure was more than had been tied up during the combined months of October-November, showing an acceleration in farmers' activity, and chances are that in the Southwest, at least, further progress was recently made in that direction, which would, of course, have quite a bearing finally on old-crop positions. The market did not open on any big rally and even export business does not have much influence, although it had been reported that some red wheat was sold via the Atlantic, also some hard wheat from the gulf, but not too many hedges were lifted, and possibly some of the people making these foreign ales are awaiting the cash market to make purchase and not using hedges, as would ordinarily be the case.

We also called attention in our early gossip to the rye position. The government showed 17 1/2 million bu in various locations January 1st, which was about the ame as last year. However, at that time we were importing rather heavily and etween January and June there was about 7 million bu received from Canada, while his season it is not likely that any such figure will be reached. We say this in view of the heavy shipments that Canada made earlier, and which cuts down the possibility of continuing the program on such a heavy scale. Thus there seems to be some relief in sight, although it remains to be seen whether we are going to ship much. A ear ago we exported about 4 million bu all told, most of which was shipped in the anuary-June period, but even taking this into account we had to add 3 million bu to he supply side of the picture last year from this time onward, and finally ended with carryover of 8 1/4 million bu. On that basis the disappearance for six months was bout 12 million bu. It would seem reasonable to suppose that this year we are ikely to export at least some quantities during the latter half of the season, and thus tarting with a supply of 17 1/2 million bu, we should have a smaller reserve stock n July 1st. It is disappointing, however, that with the relative cheapness, and even naking comparisons with IWA price for wheat, the foreign demand has been so indifferent all during the season, and undoubtedly this is one reason for the poor market esponse.

Primary receipts of wheat amounted to 535,000 bu. This compared with 53,000 bu last week and 503,000 bu last year. Kansas City and Minneapolis stocks o far this week show a total decrease of 402,000 bu. When the wheat visible is osted on Monday, it will compare with a shrinkage last year of 1,154,000 bu.

Markets were fairly strong early and there was no particular news that later n brought the reaction, although in some circles it was thought likely that export usiness for the time being had been consummated and that possibly February allocations were cared for. This may or may not be the case, but should there be a lull ow in foreign buying, naturally we would miss the support coming from that source. When wheat futures weakened, it, of course, caused sympathetic declines in other pits, lthough corn held relatively steady, probably for the reason that receipts are not eavy and there is no pressure from first hands. Milling demand is still very slow nd inquiry is almost at a standstill while export trade is also poor. However, shipping directions on domestic business continue fairly good.

UHLMANN GRAIN CO.

P.S.-- A corrected figure after this market letter was printed gave the wheat impoundings 312 million bu, which naturally changes very materially the statistics given bove. This news reached us after the close.

DAILY MARKET LETTER

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CHICAGO, 4 January 31, 1950.

We consider the billions of dollars borrowing power of CCC is a continued threat to the future production of our farms. This may represent the cost of agricultural products which are held off the market, but at a later date the products will be put back into circulation in competition with future crops in one manner or another. In any case the cost will have to be borne by producers. If the output is smaller from natural causes, such as adverse weather, it brings a lower income to farmers. On the other hand, if because of forced regulations the farmer must reduce his acreage according to allotments, it also means a lower income to the producer. So we cannot see how the producer in the long run can escape bearing the cost of these products temporarily taken out of commercial channels. There is demand for just so much agricultural production and anything produced over such a quantity, although temporarily withheld, will eventually come back to compete with later crops.

We have seen that grains have been taken over by the government in large quantity and prices have stayed considerably under parity, and in some cases even well under support levels. At the same time there has been a good outlet for end products through feeding, but recent reports of farmer income show that this share of his income is declining. For example, we note that as of the middle of December 1948, the hog price was 117% of parity, whereas a year later in the middle of December 1949, it was 85%. Other animals showed smaller reductions and are still selling above parity: for instance, beef cattle, 146%, lambs 149%. Chickens during the year declined from 110% of parity to 81%; eggs from 82% of parity to 66%; milk had a moderate decline. In time everything will sell at its comparative value; so any temporary price will find a correction from excessive production. It is true that meanwhile the taxpayer is called upon to advance large sums of money to finance the agricultural production and may stand some loss on price declines, but the major share of the cost of such programs will be borne by reduction in future production to balance the demand for such articles.

When the report of stocks of wheat in all positions, as of January 1st, was given at 908 million bu compared with 868 million the year before, it was also separated into locations in each of the states. We note from this government table that states located east of the Mississippi river had 62 million bu more than on January 1, 1949. This probably does not only represent wheat grown in this area but most likely also some varieties shipped in from other origins, and possibly some good quantities owned by the government. In addition there is about 24 million bu under loan and purchase agreement in this area, with little likelihood of price advancing to where it can be redeemed before end of April. Nevertheless, we consider that the excess over a year ago is indicative of larger supplies being available in that area, which need an accelerated outlet from the present rate of disappearance. We say this because the difference has increased over the report three months earlier, when this area had 52 million bu more than the year before. The largest difference is in the state of New York, which had 30 million bu in excess of the year before, but there was an increase shown in all states: for example, Illinois had 13 million bu more than last year, Ohio 6 million more, Michigan 5 million more, and lesser excesses in other states. In the important southwestern states, there was about 17 million more than last year, but also additional quantities are under loan as compared with 1949. The four northwestern states have 38 million less in their stocks.

We heard of no reports of U. S. wheat export sales today, but there was one cargo of corn sold out of the Atlantic to Holland. There seemed to be a slightly easier tendency in wheat in the Southwest. Today was the last day for making application for loans or purchase agreements.

France is reported to have sold western Germany 3,800,000 bu of wheat in addition to 1,840,000 bu to the U.K., outside of the International Wheat Agreement. Previously France had been reported to have completed their quota of 3 1/3 million bu under the Agreement, so apparently that country has made a good comeback in wheat. Two years ago it was proposed that France be put in the import column for 35 million bu of wheat under the international pact which was not consummated.

Primary receipts of wheat today were 588,000 bu, only about half of last week, but slightly more than a year ago. Kansas City and Minneapolis stocks so far this week show a decrease of 25,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 1, 1950

There was no moisture of importance in the Southwest, and for the time being clear weather seems to be in prospect, but still we are not having any com-aints, although it will be essential to have considerable surface moisture before ng, and at least when the growing season starts, as many localities have had very ttle snow covering so far this winter.

Yesterday was the last time that producers could apply for either wheat or ean loans, and now it remains to be seen how much grain will come on the free arket. Chances are that those who still have grain unpledged are looking for some-ing bigger than a 1 or 2¢ advance in the market from this point, but yet unless ere is a much heavier export demand than at present we are faced with the possi-ility of a big carryover on July 1st. Chances are that we shall add 100 million bu o the reserve stocks, so that there is bound to be more wheat available than is nder loan, although there may be times when there is a certain amount of tightness. Even now, there is a sort of technical situation, with March wheat ruling at a good premium over the May delivery. On the other hand, it is questionable whether May wheat will continue at 19¢ over July unless much more is impounded than we have reason to believe. The chances are that only about 350 million bu will be pledged, although quite a little wheat probably went into the loan during the month of January, but we shall not have those figures for some time yet. There used to be a saying in the trade, and we believe it was confirmed by Stanford University, that with only one or two exceptions whenever the carryover at the end of the season was 150 million bu or more, the July future always went to a premium over the May. However, in the past there was less elevator capacity in the country; also, at that time there were not the governmental policies of impounding grain. So naturally our calculations now have to be made on a different basis. Nevertheless, if we have 400 million bu in the reserve we regard May wheat as being vulnerable in compariso with July, particularly since the new crop is not yet made and there are certain hazards ahead until there is good surface moisture.

Corn seems to be in a different category unless the government sells any appreciable quantities and while they are not supposed to dispose domestically of supplies unless condition is endangered, nobody can be sure if certain hazards develop whether some corn may be sold to prevent spoilage, plus the fact that they have the right to export even if a loss is sustained. But, generally speaking, we feel that feeding will be enormous, and the yellow cereal is selling so far under the loan that we feel friendly to it, inasmuch as impoundings will also be heavy. With the failure crop in Argentina, the only source for world corn seems to be the United States, as far as foreign shipments are concerned. The government report showed sizeable soybean stocks, and while there is a slight improvement in demand for meal in the east there is still no general confidence, and here meal is very draggy.

According to Broomhall, European weather is wintry, with hard frosts and heavy snows in some sections but the over-all crop situation is fairly good. The same authority tells us that wheat crops have improved in India because of widespread rains, while in Italy snows have occurred, particularly in Northern areas, and were most beneficial. France reports wheat in good condition, with satisfactory moisture. The Australian wheat crop is now officially estimated at 207 million bu plus a carryover of 17.4 million, indicating surplus for export and carryover in the neighborhood of 147 million bu.

Primary receipts of wheat amounted to 546,000 bu. This compared with 511,000 bu last week and only 246,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 16,000 bu.

There was no inspiration to traders to do much on either side of the market. However, lacking new incentives there seemed to be some profit taking although the State reports were not too optimistic and the Kansas resume told of snow which had brought relief to the dry soil conditions in a few Northwest high plains counties but generally in the rest of the western two-thirds of the State top soil had remained extremely dry with snowfall too light to be of much benefit. This may be part of the reason for the narrowing between May and July although lack of export interest is having some adverse effect on the old crop futures. Even though the government was in the market for some soybeans for shipment abroad it had little influence and it seems that beans and corn were lower in sympathy with the leading cereal and general discouragement.

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CHICAGO, 4

February 2, 1950

Sentiment after the close yesterday was bearish, and there were probably several reasons for the pessimism: first of all, farmers are no longer able to apply to loans in wheat or beans; also, export business is lagging, and while some small quantities are being put through, there is apparently no quantity of hedges being taken out of the pit, which heretofore had been more or less of a stimulating factor. Furthermore, milling demand is still dull and is mostly on a hand-to-mouth basis when purchases are made, with bakers not reaching out and taking the initiative, as s often the case. Corn would probably do somewhat better were it not for the fact that the government is undoubtedly selling some of its supplies in the domestic market on the theory that certain quantities are not storable, and, therefore, they have to liquidate before the question of spoilage arises, all of which tends to keep speculators away from the constructive side of the market. There had been a report this morning that $1 1/2 million had been allocated by ECA to Germany for the purchase of rye. This for the time being had a little stimulating influence, but undoubtedly there are a good many longs in the market who are discouraged, and later on selling carried prices into new low ground for the season. We also understood that ECA had allocated $5 3/4 million to Germany for the purchase of beans. A report was also current early in the session that CCC was not buying soybeans, although they intended to do something later in the day, but apparently this created great indifference during the forepart of the session.

There was no moisture over any of the important wheat areas and prospects re still for dry weather, which is bound to bring in crop scares later on unless we ave relief. It is too early yet for genuine scares, but on the other hand there are many sections in the western part of Kansas where topsoil is very dry, but still nows during the remainder of this month or later rains might bring about improvement.

Exports of wheat and flour as compiled by Broomhall showed that 4 3/4 million bu had been shipped last week from the U. S., bringing the total since July st practically 185 million bu. Clearances included 1.3 million bu from gulf ports, 17,000 from the Pacific, a little over 2 million bu from the Atlantic, also about 700,000 bu wheat in flour equivalent from all ports. The total exports, however, or all countries is smaller than last year and since August 1st world shipments ave been only 362 million bu compared with nearly 443 million bu a year ago.

It is still reasonably profitable to feed corn, and the Chicago corn-hog ratio tands at 12.2, a week ago, 11.7, while a year ago it was up to 14.1. There is little doubt in our minds that feeding and impoundings are bound to be heavy; therefore, inally corn may be in better repute, but for the moment there is the threat of government furnishing some of the corn for export, while some, as mentioned earlier, s being sold in the domestic market on the claim of spoilage. So for the time being peculators are pretty much on the fence.

Primary receipts of wheat were a little heavier and amounted to 713,000 bu which compared with 547,000 bu last week and 518,000 last year. Kansas City and Minneapolis stocks showed a total decrease of 26,000 bu.

There was never much strength to the markets and after mid-session liquidaion started in with stop-loss orders uncovered and apparently very poor support. Rye for a time was a leader in the decline but later on liquidation in wheat became eavy and this carried the entire list down. There was a slight improvement in the emand for flour but yet sales are very small and with no export business of conseuence there was further discouragement. It was reported that some red wheat had een sold for export but even this had little effect except that it strengthened the March delivery in comparison with the deferred months. Senator Williams of Delaware claimed that he would introduce a bill in the Senate to repeal existing 90% f parity supports for basic commodities and put them on a flexible basis immediatel He figured that this would eliminate the need for a $2 billion increase in CCC lending authority. While not many people figure that this will find general support, evertheless it probably did cause some selling by tired longs, and apparently the ffect of the proposal would be to reduce support levels for most basic crops to 5% of parity. The Senator also claimed that his measure would reduce the need or severe government controls over farm commodities.

The declines from yesterday were drastic, and, of course, confidence has een further shaken, although there was some recovery.

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CHICAGO, 4 February 3, 1950

There was nothing special in the overnight news. Weather was mostly ler, and the forecast does not promise any relief of importance, nor does the five-ay forecast indicate that any change is in sight, except possibly light precipitation or southeastern Oklahoma.

Statistically there are no changes, nor can we expect much until later on, s we get closer to the crop and are more accurately able to estimate what the coming iter wheat crop may amount to. Southern Hemisphere crops are about made, and ere will be some pressure from those sources, particularly Australia, where now n official forecast of 207 million bu wheat has been made. According to an official tement, international wheat sales recorded under the agreement from August 1, 99 to January 31st of this year are as follows: Canada 146.6 million bu, the United tes 54.0 million bu, Australia 26.5 million bu, and France 1.1 million bu. Naturally re has been a little business since that time but the figures are nevertheless eresting to show the distribution for the various participants. Furthermore, it uld also tend to show that the program has not been nearly as important as had en promised when we originally went into the pact. Exports from the USSR, gentina, and other smaller sources of supply are a matter of great uncertainty. veral indications suggest that exports from those countries both of wheat and arse grains may expand somewhat. This question assumes importance because se are the major cereal exporters, apart from Australia, which do not require yment in dollars. Had it not been for ECA grants and the amount of wheat which sent to the occupied areas of Japan and Germany, no doubt our shipments even is season would have been extremely disappointing.

According to some of the reports from the East, there seems to be more a rift amongst agricultural interests as to how our future programs should be rried out. More concern, of course, is being given to the accumulations, and the nal disposition of grain which comes to the government through default. Apparently ere is not the same confidence, that there was some time ago that all we had to do as to set a price, and that, therefore, any wheat the government acquired could be sposed of through export channels. We have already seen that many of the foreign arkets have been fading, and unless we ship wheat at a much heavier rate each week, e may have a much larger reserve on July 1st than we had a year ago. Europe's ead-grain program for 1950 calls for a 5% increase in areas over 1948 and a 10% crease in production, which would restore output to about the 1934-38 level. Naturly in these calculations it is assumed that there will be ~~normal~~ weather and growing conditions, as well as a continuation of present price policies. Actually results may be gher or lower depending on many conditions that would arise, but at least the in eased targets assume an optimistic spirit and probably smaller imports for urope. About one-half the increase for the program in bread-grain production is heduled for Eastern Europe, where such an expansion would not necessarily be acmpanied by an increase in exports to Central and Western Europe. Thus there is ill some uncertainty, but on the whole, as long as there are high prices, we believe is to the advantage of importers to raise all they can.

Primary receipts of wheat were fairly large and amounted to 811,000 bu mpared with 535,000 bu last week and 360,000 bu last year. Kansas City and inneapolis stocks so far this week show a total decrease of 55,000 bu. When the sible supply is posted on Monday, it will compare with a decrease last year of near- 4 million bu.

There was some hesitancy in our markets. For a time they showed the fects of yesterday's liquidation but later on even with no further export business ported in wheat there were fairly good recoveries, particularly the distant positions. is may be due in part to continued dry weather in the Southwest. March wheat seem- to lag a little without any particular selling. There was apparently good flour siness overnight and according to the experts, on a further break no doubt more siness would develop. There was, however, no activity in export flour circles. orn was fairly firm. News from the Argentine was very pessimistic on production. e basis was well maintained and there seems to be no pressure from the country, fact, since the price decline offerings have been extremely moderate. Beans were ite indifferent early. There seemed to be little new buying but finally this cereal llied in sympathy with higher prices in other grains. Even rye, which has been so pressed showed a better undertone.

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CHICAGO, 4

February 6, 1950

There was still no moisture over the Southwest and our weather man is not looking for precipitation; thus it is somewhat surprising that the new-crop months continue almost as weak as old futures during this period of liquidation. There seems to be some talk that possibly red wheat will be shipped out of Chicago but no quantities are mentioned. This, however, is having its influence on March wheat, which sold this morning at more than 9¢ premium over May, which is the widest thus far. It naturally brings up the question of what will finally happen to May wheat if we have this early tightness in cash markets. But, of course, toward the end of the season, with the big drop-off and new-crop futures selling at such large discounts, there may be country selling, provided there is enough free wheat and that it has not all been impounded under loan or purchase agreements. When we look at the figures we find that 4 1/2 million bu 1948 wheat was re-sealed, and in addition to that there was 312 million bu wheat impounded under loans and purchase agreements on December 31, 1949, of which only 15 million bu was accounted for in purchase agreements and the balance was in the loan. Therefore, on the latter, which is by far the largest amount, it would take a pretty high figure to bring about redemptions. Furthermore, there is another month yet: namely, January, during which the farmers could tie up their grain under loans and purchase agreements, and some people think that the program was accelerated during the last week or ten days of January. So there are still some uncertainties, and moreover, so many discussions about the vast losses the government encountered on its potato program that the public does not seem to participate much in our markets, possibly forgetting that whether we have a change in the loan program finally or whether the Brannan Plan is adopted, nothing can be done with respect to the 1950 harvest, which will still continue to be supported under present legislation.

The overnight export news disclosed that only one cargo of hard wheat had been disposed of, the sale made at the gulf, presumably at $2.37 1/2 FOB. This apparently was not enough to cause any change in sentiment nor to restore confidence. The quick break after the opening was probably caused by discouraged longs selling out, although corn futures held reasonably well, and bookings were very moderate, with receipts lately a little heavier, although part of these were for account of CCC and a distinct notation should, therefore, be made in calculations.

Broomhall has given some interesting figures on the Australian wheat crop; 207 million bu is now forecast for wheat production. He adds the carryover of 17 million bu and deducts domestic requirements of 77 million bu, which would leave a surplus of 147 million bu for either export or next carryover. During 1949 that country shipped 119 million bu and the year before 135 million bu; consequently, it looks as though there will be ample supplies for all purposes. The Argentine wheat production is estimated by the same authority at 210 million bu, plus a carryover of 30 million bu and applying the same method of subtracting home requirements, which have gradually risen to 130 million bu, it would leave 110 million bu for export in 1950, or to be carried into the next crop. During 1949 Argentine shipments were only 65 million bu and the year earlier 78 million bu.

When the visible supply of wheat was posted there was a decrease of 3 1/2 million bu, which leaves total stocks in all positions 175 3/4 million bu, against 109 1/2 million bu last year when Enid was not included. Chicago stocks of wheat decreased only 157,000 bu, leaving 7.6 million bu at this market. Local corn stocks decreased 193,000 bu, which leaves 5.7 million bu here, and 150,000 bu afloat. The U. S. corn visible showed a pretty healthy decrease of more than 2 million bu. This reduced stocks in all positions to 44 1/2 million bu compared with about 47 million bu in 1949. A half million bu decrease in oats cuts the total to 14.6 million bu, or about twice as much as last year.

Markets were rather nervous today, lower prices were made shortly after the opening, and apparently stop-loss selling was encountered, but later on there seemed to be resistance, and some of the locals who had sold early appeared to be covering their commitments. It was reported that nearly $9 1/2 million of ECA money had been allocated to Germany for the purchase of wheat. We would think, however, the wheat would come out of CCC stocks. Domestic flour sales were extremely light, and not much business was done over the week-end. However, later in the session it was reported that another cargo of hard wheat had been sold from Galveston, and this helped to bring about recoveries. Also, an advisory agency recommended covering. There was no pressure in corn; in fact, bookings were only about 50,000 bu all rail. This cereal acted better, even at times when wheat prices were depressed.

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CHICAGO, 4

February 7, 1950

Recent statements from Washington indicated that there would be no acreage allotments for soybeans, and that consequently farmers who had reduced their plantings of corn, cotton, or wheat might be able to help themselves out by sowing more beans. However, Washington seems a little concerned over this development, and according to a statement carried in the Journal of Commerce this morning, a new method is being sought to limit production in order that there will not be a problem in that field. Apparently it is the hope that plantings will not be larger than last year or 1948. The cutback of 19% in the commercial corn acreage naturally might give us a much larger area in beans unless some restriction is demanded, although apparently the government is trying to handle it on a voluntary basis except that producers who do not comply may not be eligible for the loan.

Weather over the Southwest was more or less cloudy, a few mists were received in various places but apparently not much moisture, although there is some chance that there may be precipitation but if it occurs, it may be confined only to the eastern sections.

When our market opened this morning, there was a little hesitancy following yesterday's short-covering, but a report that one of the houses had sold a cargo of #2 hard wheat to Holland apparently was construed as favorable. Some hedges were taken out of the pit, both March and May involved in this transaction. Strength in March wheat continued and this followed a report that over 300,000 bu red wheat was being shipped out of Chicago, apparently destined for Cincinnati. However, it does not seem to be going into export channels, nor is there any great improvement in general demand domestically for soft wheat. Therefore, it remains to be seen whether this wheat will be stored East of here or actually sold to mills. The strong market in securities yesterday may have also had an influence on our grains, but generally speaking, the abundance of goods now available in virtually all lines has placed the consumer in a more comfortable position, and there is no assurance that we are going to have a complete outlet for all merchandise being manufactured. The automobile industry continues to provide one of the principal props to business activity, but even there some recession is being noted. The New England Letter, published a few days ago, calls attention to the fact that our taxes now amount to about one-fourth of the national income. They also state that a study of this history of civilization shows that whenever a country imposes taxes that absorb more than 25% of income for a prolonged period, this is a serious strain on the economy to an extent that it may cause a radical change in government. They point out that total federal expenditures from the end of the war to January 1, 1950, aggregated $179 billion. This amount exceeded by about $12 billion the total outlay by the federal government from 1789 to 1940. In other words, they say in 4 1/3 years during a peacetime economy, the federal government has spent substantially more than for the first 152 years of our history, which included the War of 1812, the Civil, Mexican, and Spanish American Wars, as well as World War I. Of all taxes collected the government takes about 75%, leaving only 25% for state and local governments as compared with 66% for these units in 1928. Thus state and local governments are hard-pressed to finance their regular activities.

Primary receipts of wheat amounted to 662,000 bu. This compared with 588,000 bu last week and 706,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 15,000 bu.

There was a little firmness at times, and particularly after a second cargo of wheat had been reported sold from the gulf, but it influenced mainly the March delivery, while May wheat and new-crop futures were actually lower and the spread between May and July widened quite a bit from yesterday. Contract wheat stocks in Chicago are still slightly over 4 million bu, showing very little decline for the week. In corn, there was a decrease of nearly 1/2 million bu. However, as far as wheat is concerned, it will depend primarily on how much is left here in this market at delivery time. There were no bookings of corn from the country and that market gave grudgingly but was finally lower with the balance of the list.

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CHICAGO, 4

February 8, 1950

There was some moderate rainfall overnight. Reports came from northwestern, north central and eastern Kansas, also from a few points in eastern Oklahoma, which, of course, is helpful but the quantities were light. While the official forecast suggests further precipitation, our own weather man is not too optimistic except that we may have some light rains in central and eastern sections of the Southwest winter wheat belt.

Broomhall's weekly crop summary for Europe is rather favorable, and moisture has been reported over a number of countries. The U.K. had mild weather and beneficial rains, while of greater importance was France where there was rain accompanied by mild temperatures. Crops continue rather favorable in Italy and they had partial snows, but the overall crop situation is satisfactory. The same is more or less true of Portugal and Spain where there were beneificial rains but there is no indication of previous damage sustained.

When our market opened March wheat was under some pressure. One or two commission houses were on the selling side but this had only a passing effect on May wheat, which later rallied on talk of further export business. It is reported that Holland is inquiring for 500,000 sacks hard wheat flour, also Denmark may be in the market shortly for 2,000 tons soybeans. Here lately there has been some selling of corn futures on the possibility of government selling some of its holdings where quality is not too good but in checking with our own offices downstate, we find there has been very little, if any, corn liquidated by CCC. Furthermore, the quality in most cases is satisfactory, but yet talk persists that with mild rainy weather it is difficult to cut down the moisture content; therefore, there is some concern that deterioration later on may take place. Corn receipts, while fairly good here in Chicago, do not seem to be large enough to build up burdensome supplies, and we still have the feeling that half the corn at terminal markets probably belongs to the government. England has asked for offers of flour tonight, and that country is seeking an appropriation from ECA so that there may be further business, but everyone knows that unless we ship over 5 million bu wheat and flour each week, we are still apt to have a very large carryover at the end of the season. Thus there is no great inspiration for making purchases except on the theory that tightness would develop later on if the impoundings amount to almost as much as our reserve stock, which would leave only a small quantity of wheat for the free market. Chances are that yesterday's business in exports was somewhat larger than reported, and talk is now current that 4 cargoes were sold all told, including hard wheat at the gulf, together with some spring wheat.

Primary receipts of wheat amounted to 530,000 bu compared with 546,000 bu last week, and 445,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 83,000 bu.

Not much attention was paid to state reports, although the one from Nebraska called attention to the benefits from the snows of the past two weeks, although stated that moisture was inadequate, but some protection was afforded to the wheat plant during the period of low temperatures. Thus far wheat has withstood the winter very well. A report from Kansas was a little more mixed, while the Missouri report spoke of the winter wheat condition as mostly good, and that pastures in the west and northwest portions of the state were satisfactory. However, January was a rather wet month as compared to the normal, yet in the northwest sections some dry areas prevail.

The Department of Agriculture made recommendations to the Congress, looking toward sharply reduced acreage allotments for wheat in 1951, and subsequent years. What they apparently have in mind is an amount of wheat to take care of domestic consumption and exports, plus 30% reserve. To bring about such an ideal condition would, of course, take much more calculation than, in our opinion, is humanly possible. While the government may be able to control acreages we doubt if they can ever control the yield.

Our market today was nervous, but yet there seemed to be some buying on recessions. Beans were quite firm.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 February 9, 1950.

There have been various reasons advanced for the large open interest in beans, which is surely considerably greater than in recent years, but no doubt processors this season had gone in many cases directly to farmers or to country elevators to get their supplies early, figuring that unless this were done a good quantity might go into the loan and they would have difficulty later on getting a sufficient amount for grinding. Their operations in that way necessitated putting many more hedges into the market, which up to now has been a depressing influence, although we have had a fairly large speculative demand, and many people were willing to absorb these hedges on the theory that as soon as there was an advance in meal prices and we came to a point where heavier inroads were made on existing stocks, the price would advance. It was, therefore, encouraging this morning when soybean meal was quoted at $52 compared with $50 to $50.50, this being the first important improvement in some time. Twenty years ago we raised less than 9 million bu beans in the U.S., but our production has steadily mounted until now a crop of 223 million bu has been made possible, which in some instances surpasses China's production, that country previously having been the larger producer of that cereal. Even now we are not importing anywhere near the quantities of fats and oils from the Far East, which was formerly an important business for this country, and, therefore, beans have gradually become of greater value. The best example is that during the period of great progress in bean production, there have never been any burdensome surpluses built up and carryover supplies from one crop to the next have always been extremely moderate, and percentagewise smaller than that of almost any other grain. In 1948, when we had heavy yields, there was a carryover of only about 2 1/2 million bu at the end of October, which was the smallest stock in seven years, and shows how heavy our consumption had been. There was also some talk current this morning that there might be ECA allocations for soybeans in the next few days.

The improvement in bean prices this morning had a little effect for a time on other grains, although wheat seems to be in a rut, and even though an additional cargo was sold to Holland overnight, it had very little influence on the market, but undoubtedly some hedges were covered. Reports from the East told us that this sale comprised both spring and hard varieties.

There was considerable rainfall overnight but it occurred mostly over the corn belt and in areas East of the Mississippi River, heaviest up the Ohio River Valley. However, our weather man had not looked for much moisture Southwest and virtually nothing was reported in the important sections of the winter wheat belt. The forecast is not optimistic either for any relief during the next twenty-four hours.

It is rather encouraging to note that the Advisory Council of the Canadian Wheat Board has recommended a free market for coarse grains after July 31st, and that the market be thrown open after that date. They also recommended that wheat be maintained for another year under the supervision of the Wheat Board Act, but at least there seems to be some enlightenment on the necessity for a free, open, and competitive market, and no doubt the government will accept the recommendations if there is any encouragement from the spokesmen in the three Prairie Provinces. At the present time there is a tripartite arrangement between these governments, and if only one of them withdraws from the Council, the whole scheme is almost bound to collapse. The question thus becomes one of the Federal Government passing along the Advisory Council's recommendation to the Prairie Provinces.

Primary receipts of wheat amounted to 654,000 bu compared with 713,000 bu last week, and 566,000 bu last year. Kansas City and Minneapolis stocks so far this week showed a net decrease of 4,000 bu.

After a little hesitancy all markets became very strong, led by soybeans, but later on new-crop wheat futures apparently were being accumulated, and this brought some support, also, into the May future, although March wheat seemed to be a little neglected except at times when shorts apparently covered. We heard of some red wheat sold to the Southeast at 5 1/2¢ under Chicago May, and also learned that the bid in Ohio to the country is 6 1/2¢ under on the New York rate basis. This, of course, is very cheap compared to Chicago prices, and if wheat were sold out of here to the southeastern part of the country in competition with Ohio origin wheat, it would figure about 15¢ under our March, but even then it might take favorable billing. Selling from the country was negligible and we hear the same thing also from northwestern and southwestern sources. All of this, of course, tends to keep the market from having to absorb much pressure. The domestic flour demand is still exceedingly light. Corn and oats were up in sympathy with wheat and beans.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 9, 1950.

There have been various reasons advanced for the large open interest
i beans, which is surely considerably greater than in recent years, but no doubt
rocessors this season had gone in many cases directly to farmers or to country
levators to get their supplies early, figuring that unless this were done a good
uantity might go into the loan and they would have difficulty later on getting a suf-
cient amount for grinding. Their operations in that way necessitated putting many
ore hedges into the market, which up to now has been a depressing influence, al-
ough we have had a fairly large speculative demand, and many people were willing
absorb these hedges on the theory that as soon as there was an advance in meal
rices and we came to a point where heavier inroads were made on existing stocks,
e price would advance. It was, therefore, encouraging this morning when soy-
ean meal was quoted at $52 compared with $50 to $50.50, this being the first im-
ortant improvement in some time. Twenty years ago we raised less than 9 mil-
on bu beans in the U.S., but our production has steadily mounted until now a crop
223 million bu has been made possible, which in some instances surpasses China's
roduction, that country previously having been the larger producer of that cereal.
ven now we are not importing anywhere near the quantities of fats and oils from
e Far East, which was formerly an important business for this country, and,
erefore, beans have gradually become of greater value. The best example is that
uring the period of great progress in bean production, there have never been any
urdensome surpluses built up and carryover supplies from one crop to the next
ave always been extremely moderate, and percentagewise smaller than that of
lmost any other grain. In 1948, when we had heavy yields, there was a carryover
only about 2 1/2 million bu at the end of October, which was the smallest stock
n seven years, and shows how heavy our consumption had been. There was also
ome talk current this morning that there might be ECA allocations for soybeans in
e next few days.

The improvement in bean prices this morning had a little effect for a
me on other grains, although wheat seems to be in a rut, and even though an ad-
itional cargo was sold to Holland overnight, it had very little influence on the mar-
et, but undoubtedly some hedges were covered. Reports from the East told us
at this sale comprised both spring and hard varieties.

There was considerable rainfall overnight but it occurred mostly over
e corn belt and in areas East of the Mississippi River, heaviest up the Ohio River
alley. However, our weather man had not looked for much moisture Southwest
nd virtually nothing was reported in the important sections of the winter wheat
elt. The forecast is not optimistic either for any relief during the next twenty-
our hours.

It is rather encouraging to note that the Advisory Council of the Cana-
ian Wheat Board has recommended a free market for coarse grains after July 31st,
nd that the market be thrown open after that date. They also recommended that
heat be maintained for another year under the supervision of the Wheat Board Act,
ut at least there seems to be some enlightenment on the necessity for a free, open,
nd competitive market, and no doubt the government will accept the recommenda-
ons if there is any encouragement from the spokesmen in the three Prairie Prov-
nces. At the present time there is a tripartite arrangement between these govern-
ents, and if only one of them withdraws from the Council, the whole scheme is
lmost bound to collapse. The question thus becomes one of the Federal Govern-
ent passing along the Advisory Council's recommendation to the Prairie Provinces.

Primary receipts of wheat amounted to 654,000 bu compared with
13,000 bu last week, and 566,000 bu last year. Kansas City and Minneapolis stocks
o far this week showed a net decrease of 4,000 bu.

After a little hesitancy all markets became very strong, led by soybeans,
ut later on new-crop wheat futures apparently were being accumulated, and this
rought some support, also, into the May future, although March wheat seemed to
e a little neglected except at times when shorts apparently covered. We heard of
ome red wheat sold to the Southeast at 5 1/2¢ under Chicago May, and also learn-
d that the bid in Ohio to the country is 6 1/2¢ under on the New York rate basis.
his, of course, is very cheap compared to Chicago prices, and if wheat were sold
ut of here to the southeastern part of the country in competition with Ohio origin
heat, it would figure about 15¢ under our March, but even then it might take favor-
ble billing. Selling from the country was negligible and we hear the same thing

All of this, of course, tends to

DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
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COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 10, 1950

There was no particular feature overnight except that dry weather continued in the Southwest, and as far ahead as one can see there seems to be no chance for any relief. This had a stimulating effect on the new-crop futures of wheat yesterday, and very likely continued this morning, although many people still realize that even if rains do not come for the next two or three weeks, the crop may not suffer much, but yet with the surface dryness which has developed it is essential that before long we have precipitation; therefore, this is going to become more of a factor as time goes on.

It is also realized that production abroad is increasing and larger food supplies are available from other surplus producing areas; consequently, demands from here are gradually lessening. Our total food exports in 1949 were almost 10% less than in the previous year. This morning the government reduced its ideas on what we might ship during the current season in the way of wheat and flour, naming a figure of 375 million bu, which is the smallest we have seen officially, although we understand that privately there are some doubts whether even that quantity will be shipped. We would have to ship about 8 1/2 million bu each week to get our total up to 375 million bu, and since clearances are running only from 4 3/4 to 5 million bu, it looks as though in the last analysis we are going to fall short even of that lower goal. The shortage of dollars and the devaluation of currencies in many countries last fall have made prices of food production here somewhat higher than in the other surplus food producing countries. Accordingly, deficit producing countries tended to buy less from the U.S. and more from non-dollar areas, so far as this was possible. The government figures that retail food prices will probably average somewhat lower again next year, although no sharp decline is anticipated and the one method they are resorting to is reduction of acreages in order to prevent burdensome accumulations. At home our civilian per-capita consumption of all food is likely to equal, and perhaps even exceed, the 1949 level; so there is no difficulty from that source. Consumer purchases are likely to be well maintained owing to general economic activity, employment, and income. Furthermore, our domestic economy should receive some support from the relatively large federal expenditures in 1950. Last year more than 30% of total consumer disposal income was spent on food. In the prewar years food expenditures accounted for only 28% of the disposable income.

There were certain markets this morning that came in for a little more attention: notably, rye, which has been lagging, and we have called attention previously to the fact that our stocks were no larger than last year on January 1st, and chances are that imports from Canada will be much smaller than last year between now and next June owing to present price relationships.

The Argentine Minister of Agriculture has confirmed the fact that the corn situation in that country is disastrous but has given no figures. Heavy losses were experienced in the Buenos Aires district, while elsewhere in the main growing belt, the outlook is described as unsatisfactory. However, when this party comments on the wheat situation, he claims that yields have been high and quality excellent. The feed situation is expected to rule tight for fifteen months and even the milk supply is threatened due to lack of pasturage and other causes. Our wheat and flour exports last week were somewhat heavier than recently, having reached 6 3/4 million bu, bringing the total to 191 million since July 1st. From the start of the world crop-season, August 1st, world exports have been 376 million bu compared with 457 million bu the year before. U. S. shipments were 96 million bu smaller than the season before.

Primary receipts of wheat were 879,000 bu, a little more than last week, and almost twice as much as last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 63,000 bu. When the visible is posted Tuesday, it will compare with a decrease last year of 4 million bu.

Trade was more moderate. There were some advances in wheat early but best prices did not hold and there seemed to be a little profit-taking in the March delivery. There was a little buying of rye, probably influenced by a report that Portugal was inquiring for supplies. Corn was quite firm. There seems to be a better sentiment in soybeans. The one very bearish factor of meal seems to be improving. The market was quoted at $53.50 to $54.50 compared with $52 yesterday and the improvement in two days has been considerable. However, this news had only a moderate effect on the price level. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

February 14, 1950

Both official and private forecasts were quite optimistic on Saturday that there might be considerable relief over the winter wheat area during the Lincoln's Birthday holiday. Apparently there are not many disappointments as precipitation had been rather widespread and covered most parts of the winter wheat belt, in some places quite heavy. It is, therefore, rather beneficial coming at this time when there had been so much surface dryness, although we must also recognize that in certain sections, as for example, the Texas Panhandle, there were only traces of moisture in some places, and, therefore, they will need further precipitation before long. On the other hand, it is seldom that moisture is so widespread that it covers all areas at once; consequently, we must be thankful for what has already occurred. Rains, snow, and sleet have been pretty general since Saturday morning over Nebraska, Iowa, and virtually all of the Southwest. Reports are still coming to us of sleet storms over central and southwestern sections, heavy rain was mixed with snow, and this was general east of the Mississippi River with rather moderate temperatures, except a cold spell over northern areas.

Other news did not count for very much but apparently there seemed to be a better sentiment in corn and in beans, which finally brought us relatively higher prices even for wheat where there had been some early recessions. Trade was somewhat encouraged by reports that the Department was still going ahead with its purchase of $5 3/4 million for beans under ECA authorization for West Germany, and it had been announced yesterday that $1 1/2 million had also been authorized for purchases by Denmark; therefore, there is going to be some export demand shortly. There is still some confusion in trying to reconcile stocks on hand with the disappearance, and this discrepancy might mean that the crop was over-estimated, or possibly the January 1st stocks on hand are smaller than officially given but this will probably be corrected as we eat more into our accumulations and it has been our feeling for some time that we might not have a burdensome carryover at the end of the season, particularly since there is about 10 to 12 million bu probably in the loan, and with fair shipments abroad, together with a pretty large domestic consumption, the pattern in the final analysis might be much the same as in other years when we carried very little over from one crop to the next. Later on, there are bound to be hedges covered against sales of product and we cannot yet forget the sharp advances which we had a year ago starting in July, as we finally felt the effects of dwindling supplies.

There was nothing reported overnight in export circles and we are still of the opinion that it is going to be difficult to ship much over 300 to 325 million bu for the entire crop-year. Thus we may end up with a reserve stock of nearly 450 million bu, and on that basis difficult for us to visualize the big premium being maintained for May wheat over the new-crop deliveries. At the moment, of course, a good many longs are hedged in July or September wheat and this may have increased since the rains, but still with the reasonably high loan assured for the 1950 harvest, the short side of new-crop futures can be attractive only if May wheat is finally overpriced. So much will depend on the amount of soft wheat available for delivery, and in our opinion there will probably be enough to bring about closer relationship of old and new positions. For the time being, of course, May wheat is held up by the great strength in March, but regardless of what happens next month, we do believe that actual users will be reluctant to carry more grain than they have to into the new-crop with such a wide difference prevailing.

When the visible supply of wheat was posted there was a decrease of 2.1 million bu; this leaves total stocks in all positions 173 3/4 million bu compared with 105.3 million last year. At that time Enid was not included; this year 22.8 million bu is in that stock. Chicago decreased only 182,000 bu, leaving 7 1/2 million bu here. Apparently some of the wheat under discussion is either yet to be shipped, or may finally not leave Chicago. The U. S. corn visible decreased only 374,000 bu, leaving 44.2 million bu in all positions vs 45.4 million last year.

Markets gained some momentum, and there was buying of March and May wheat, presumably against sales soon to be made to Mexico, as that country is expected to buy over one million bu of southwest wheat after the close today. Altogethe there was a much better sentiment in the various grains, despite the fact that milling demand was still slow, and only small lots of flour were booked over the weekend. The U. K. apparently has finished taking its requirements of flour for March, while other countries which did business were in only on a small scale.

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CHICAGO, 4 February 15, 1950.

In viewing the wheat situation it is a little difficult to make calculations at this time because we do not have the final figures showing the amount of wheat impounded by end of January. Our own guess, however, is that there may be 350 million bu under loan, as quite a little was pledged during the final days of the program. Some people in the trade regard this as a fairly bullish item, particularly as they point out that the CCC had an inventory of about 150 million bu on January 1st, and thus there might be 500 million bu taken out of commercial channels, which would probably be more than the amount that we carry in the reserve stock on July 1, 1950. We believe, however, that it should be pointed out at this time that defaults are never as heavy as the full amount of wheat pledged. This either means that the price between now and May either goes to a level which permits redemptions, or else some of the wheat under purchase agreement is not defaulted, but in any case, the figures we tabulate below will show that in the years where the heaviest amounts were pledged, also very large quantities were redeemed, and this should all be taken into one's calculations when trying to forecast price trends: (in million bushels)

Year beginning July	Pledged under Loan	Delivered to CCC
1938	85.7	15.7
1939	167.7	7.7
1940	278.5	173.7
1941	366.3	269.8
1942	408.1	183.9
1943	130.2	0.3
1944	180.4	72.9
1945	59.7	0.2
1946	22.0	0
1947	31.2	---
1948	367.0	261.5

We would also like to call attention to the fact that on October 21, 1949 the CCC had 188 million bu of wheat in its inventory, which in about six weeks was reduced 38 million, and chances are there have been some further declines through export business which the government has handled, and this may continue for the balance of the crop year, so that we still hold the view that if we finally carryover 425 to 450 million bu that there may be as much as 100 million bu in the free supply. Thus, the situation may be somewhat different from other years when the largest share was owned by the CCC.

There was some export business overnight, possibly 1 million bu or more having been worked to Mexico, and also a cargo of hard and spring wheat sold to Holland. The latter was apparently sold for first half May shipment, the hard wheat from gulf ports, and the spring wheat via Baltimore, but it had very little market effect, and possibly a good many of these hedges were covered yesterday when we had such great strength in old-crop futures. There seemed to be some bakery flour business, which helped the market to some extent. The trade was very much more quiet, and with the improvement we have had in the Southwest weather, not much apprehension is felt now about crops. In December the government estimated that on the 53 million acres sown to winter wheat, we might raise 885 million bu, and if we add to that some 250 million bu of spring wheat, which is still possible after some cuts in acreage, it would give us a total yield of 1,135 million bu, which would be ample for all purposes in view of the smaller requirements now from abroad.

Primary receipts of wheat amounted to 732,000 bu compared with 530,000 bu last week, and 421,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 48,000 bu. We note that stocks of #2 red wheat at Chicago decreased 109,000 bu for the week, while stocks of #1 red wheat decreased 23,000 bu.

There was some active selling and profit-taking of wheat futures early, but later on when corn and beans recovered the leading cereal showed a better undertone, particularly July and September wheat, which gained on May. We understand the government will probably permit exporters to handle business to ECA countries if sales are made at the market, supplying the grain from accumulated stocks, but whether this will finally go beyond corn, barley, and oats nobody can tell. At present it does not apply to wheat. In any case, trade was a little more moderate, but there was no spirited buying. We believe, however, that if there is any merit to wheat that the new-crop positions should be accumulated on weakness.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 16, 1950.

The Bureau of Agricultural Economics gave some very interesting data with respect to wheat, although in many cases the writers were at the same disadvantage as we, in that they had to make estimates on many items which have not yet been proved. For example, they figured that total exports for theseason would be 375 million bu wheat and flour, and that thus our total disappearance would be 1,065 million bu. This would be the smallest since 1942-43, and would leave us with a carryover of about 390 million bu on July 1, 1950, or an increase of 83 million bu from a year earlier. It would likewise be the highest since the 619 million bu we had in the reserve stock in 1943. We hold the view that it would be difficult to export any such quantity, and call attention to the fact that estimates have been continually reduced from the 450 million bu estimated earlier in the season. With only 169 million bu shipped during the first six months, which is generally our best period, and judging from the present rate of exports, feel that we are conservative in taking this view. The quantity being fed this season is the smallest since about 1941 and would amount to 115 million bu; together with 81 million bu needed for seed and 491 million bu for bread and cereals, it would indicate 687 million bu for the domestic disappearance. Apparently the days of very high feeding are at an end. There was one year back in 1943-44 when we fed nearly 498 million bu against 492 million bu needed for human consumption in the form of bread, cereals, etc. When we consider that in the ten years prior to the war our average carryover was only 235 million bu, it can immediately be seen that we are going to be confronted with surpluses unless one of two things should occur: either, that we have a much smaller crop next season or else, that we are able to maintain our exports at a heavy rate. But the latter apparently is not in the cards, particularly since European production is coming back to a more normal basis, and also, with the shortage of dollars, we are not having the same ease in disposing of our grain.

According to the government we may have a total wheat crop next summer of 1,135 million bu, which would be the seventh consecutive season that we raised over a billion bu. Only once before in history could we make a similiar boast: namely, 1915, and apparently better cultivation, better use of fertilizers, and improved farming methods are givingus increased results, although naturally we have to figure on average weather to bring about that condition. We started this season with a carryover of 18 million bu red wheat and a crop of 260 million bu, making total supplies 278 million bu. This was an increase of 4 million bu from the previous season, it is also larger than any of the other years as far back as 1941.

When our market opened this morning,it was influenced by a statement that the government had liberalized its export policy so that ECA funds could be used for the private handling of corn, barley, and oats shipments. Apparently grain thus held by CCC can be used and this would eliminate the necessity of exporters going to the open market, and was construed as being a little bearish,as naturally it would add more free grain to the market, although it is our understanding that CCC will not do anything to depress prices. Furthermore, it is apt to finally force more corn intothe loan than would otherwise have been thecase.

Shipments of wheat and flour this week, according to Broomhall, were 5 1/2 million bu, bringing the total since July 1st to 197 million bu.

Primary receipts of wheat amounted to 363,000 bu compared with 654,000 bu last week, and 468,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 46,000 bu.

Trade was not particularly heavy, and apparently there is nothing much new in the situation; new business in flour continues to be light, while export demand for flour has also subsided for the time being; therefore, not many hedges are taken out of the pit, and commercial business generally is dull. However, cash demand in the Southwest is fairly good, and premiums are holding well. There were reports that a cargo of rye had been sold to Portugal; this might be a sale made from Chicago stocks, but if it is bonded rye which had been held here, it would not necessarily signify that any additional business is in the offing, as practically all of the other rye held in Chicago has had duty paid, and would, therefore, have to fetch a higher price in order to be attractive to holders.

Corn was under a little pressure at times, but showed fairly good recoveries from early weakness, and there was likewise a moderately good undertone to the bean market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 17, 1950.

There was no particular grain news overnight. This referred also to weather, with temperatures rather moderate while skies are clear, except for a few snow flurries in the Northwest. As far as we can tell there has been a good deal of beneficial moisture lately in the Southwest. While it was not general, the points that received rains are talking very optimistically; and since it is so early there still seems to be a chance that the poorer areas will be relieved before the growing season starts. Therefore, this is not much of an influence on markets at the present time. Actually there is no real issue in wheat for the moment. Everyone is cognizant of the fact that we are going to have a huge carryover reserve, but the only argument is that large quantities may be under government domination either in CCC inventory or under the loan; consequently, May wheat continues to puzzle a good many traders. For the time being nobody is pressing it; therefore, it remains at a very large premium over the new-crop months. Some additional export business was reported overnight, 2 cargoes having been sold to Holland for last half May and last half June shipment. In addition that country is said to have taken about 3,000 tons spring wheat, all of which necessitated covering of hedges, and thus our market opened a shade higher.

We had heard a few days ago that something might be forthcoming on the soybean support program, or an announcement on the loan, but apparently officials have refused to consider the matter now and seem to be awaiting the additional $2 billion appropriation before coming out with any plan. Thus it is claimed that it may be April before anything definite is decided. Despite all this, the soybean market opened rather firm, and with the improvement that has taken place lately in both the oil and meal markets, there has been a good deal of short-covering, while at the same time there seems to be more confidence on the constructive side of the market.

Nobody knows yet what may be delivered on March wheat contracts. So far both longs and shorts, according to the open interest statement, seem to be evening up in the pit, but the open interest is still quite large and some soft wheat continues to work to Chicago at a discount under the March price, although these daily purchases do mount up and offset to some extent some of the wheat that has been shipped from here. We understand that soft wheat East of Chicago has been sold to mills, and there are two ways of looking at this. Some feel that any improvement in demand will finally bring the Chicago wheat closer to a working basis, but others feel that the demand is so spasmodic that whatever the mills can buy cheaper may finally create a surplus in our market, all of which is confusing, particularly as the balance is sensitive with only a few million bushels red wheat here and any important improvement might reduce contract stocks to a point at which there would be very little for delivery purposes in either March or May. The same delicate balance is more or less true in rye where a few million bushels for export might bring about a much more bullish sentiment than exists at the present time. Unfortunately, our shipments so far this season have been very nominal and very likely the subsidy has been a big factor in giving preference to wheat while rye, which is very often preferred in many European countries, has been neglected.

Other factors do not count for much, but there is talk that a considerable quantity of corn is being booked by barge to be shipped to this market after the canal service is resumed. On the other hand we are not accumulating any heavy stocks at terminals, and probably half the quantity that is in the various markets is owned by CCC. Of course, government holdings may be reduced through exports, particularly with the ECA program that would bring private exporters into the field, but yet cash corn continues to bring good prices, and many people argue that unless we build up stocks to a much greater degree than at present, July corn should ultimately be worth as much as cash corn is bringing at the present time.

Primary receipts of wheat amounted to 447,000 bu compared with 879,000 bu last week and 503,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 122,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 3 1/2 million bu.

Markets were mostly firm today, with the exception of corn, which was quite indifferent. The yellow cereal lost some of its friends, at least temporarily, and some are concerned over the possibility of government selling if there is any deterioration in quality on long holdings. Milling demand was a little better, with some inquiries, although the amounts involved were not big. March wheat was very strong. There seemed to be very little pressure in beans and there were bids in the market for 15,000 tons, shipment to Belgium at an early date. However, prices were out of line but it did indicate foreign interest, which, of course, would be help-

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CHICAGO MERCANTILE EX.

February 20, 1950

There was not much grain news over the week-end; therefore, our market lacked guidance this morning when it opened. However, there is still the thought in the minds of traders that March wheat is a great uncertainty, and nobody can be sure of the outcome, although at the present time shorts appear to be on the defensive. This is not due to any great strength in the red wheat market but rather to the delicate balance of the supply situation, with only moderate quantities in Chicago, and if the stocks here were depleted it might be difficult to get additional wheat into this market without paying a higher price. Ordinarily, we find that either hard wheat at Kansas City or spring wheat at Minneapolis is fairly close to a working basis, but at the present time we are depending very largely on grain that has been raised in this section of the country. Therefore, any important improvement in the demand for soft wheat could naturally cause considerable tightness. In the far Southwest premiums are pretty well maintained, and there is the possibility now that Italy may come into the market for some gulf wheat, In fact, we heard that 70 to 80,000 tons are beingdiscussed for March and April shipment, and should that develop, a quantity of 3 million bu or so would naturally have its effect on the price level.

There is much talk about the costly operations the government has sustained in the potato market and the complications are very grave. For example, Canada now has indicated that if we try to prevent imports from that country they may refuse to take citrus fruits and other products from us, which we have in surplus supply, and thus the effects are far-reaching. Few people realize how costly operations are in wheat of trying to support markets at a high level at home while offering to ECA countries a subsidy ranging from 50 to 75¢ per bu in order to get grain into exporting channels. However, when a cargo of 335,000 bu wheat is shipped from Galveston and the government pays a subsidy of 57¢ per bu, the taxpayer loses $190,500 in this operation. Consequently, on every cargo which is shipped under the subsidy, a tremendous amount of money is involved. However, we had known in advance that if prices were too high or unrealistic, ownership of that grain would finally go to the government by default and finally accumulations would be costly, so that exporting under a subsidy should prove no surprise to those who have spent a lifetime in the grain trade and who have seen supply and demand operating on a smooth basis. We heard of a cargo of hard wheat that was sold this morning from the gulf, and there seems to be a little business working right along, which is naturally a sustaining influence. On the other hand we recognize that unless we clear 8 1/2 million bu each week, we are going to fall down on the government's goal of 375 million bu, which seems to be the last figure named as the possible program, including wheat and flour during the present crop season.

There is some talk of a meeting in Washington next Thursday to consider the calling of loan wheat early in order to prevent congestion on part of the railroads and CCC has estimated that they will acquire 450 million bu of the 1949 wheat crop and small grains when loans become due on May 1st. Last year through the proper cooperation the necessary book work was handled in advance, so that defaulted wheat could start to move within three or four days after defaults, Therefore, it was not essential to call loans ahead of time.

The visible supply of wheat showed a decrease of 3 million bu, and one of the heavy decreases was at Chicago, where we lost 665,000 bu of wheat during the week, drawing the stock to 6.8 million bu. Total U.S. stocks are 170 1/2 million bu compared with 101.8 million bu last year, at which time Enid was not included. The corn visible decreased 319,000 bu, reducing the total to 43.8 million bu against 44.7 million a year ago. However, Chicago stocks decreased 406,000 bu, leaving only 5.1 million bu here.

Statistics did not play too much importance, although we believe that March wheat was influenced by the heavy shipments of wheat from this market; otherwise, it was a rather dull session, and toward the last there were intimations that Italy might not make its purchases until some time next week. New-crop futures did a little better, and were possibly influenced by dry weather Southwest. We had one report from Dodge City, the party claiming a windy condition, stirring up dust, with temperatures of 56°, and apparently getting warmer. However, it is still a little early to become too much concerned, particularly after some relief that was experienced last week.

Soybeans were very firm, particularly the March delivery, but trade in corn was very dull and price fluctuations did not show any great changes from the previous session.

UHLMANN GRAIN CO.

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CHICAGO, 4

February 21, 1950

There was a little moisture reported this morning in central Nebraska, but this had very little influence for the reason that fairly good snows had visited that State just a week or so ago, and apparently their moisture situation seems to be adequate at least for the time being. Our weather man looks for some moisture in eastern and possibly central sections of Oklahoma and Texas, which naturally would be welcome, although farther west it would be even better; yet there is nothing indicated for the latter section.

When our market opened this morning, prices were barely steady and in wheat there has been no particular incentive to do much except there seems to be the possibility of some additional export business working, and now we hear that very likely a $15 million further grant will be made by ECA to Britain for the purchase of wheat and flour. This on top of what may develop to Italy would, of course, have some influence on our market, and, therefore, the possibility of any severe breaks does not seem to be imminent. The Agricultural Department announced late yesterday a new formula for subsidy rates on shipments under the International Wheat Agreement, and it seems that the gulf subsidy of 57¢ still holds, but any wheat in that category would have to be delivered for the period from February through April. On any exports that are made for shipment between May 1st to June 10th, the subsidy would be reduced to 51¢ a bu, while contracts scheduled for shipment from June 11th to end of July would carry a subsidy of only 33¢. The latter in our opinion does not look too attractive for doing business unless there is some improvement in the ideas of European buyers. We recall that possibly one of the reasons for the small shipments earlier was that our government had failed to make the subsidy in line with competition and with prices that foreigners were willing to pay; therefore, by the time that the subsidy actually came into line it was too late to carry on a big volume. Of course, nobody knows yet how badly we may need an export market next year, but basing calculations on the government forecast for winter wheat made in December and the possibility of raising 250 million bu spring wheat, we should have quite a large surplus, particularly since we feel that our carryover reserve will range somewhere between 425 and 450 million bu.

There was some buying by a leading mill when our market opened this morning, and this indicated some improvement in flour business, but yet it is felt that it may take a somewhat lower price to attract any big volume, and for the time being at least business seems to be mostly from hand to mouth. There was apparently some good export business in corn, and we understood that 5,000 tons was sold to Ireland, although lifting of hedges in the pit does not seem to be much of a factor and the yellow cereal has lost some of its friends, at least temporarily. Cash people reason that with moderate temperatures and wet weather over the corn belt, the keeping quality of corn may be impaired and that, consequently, this may present a problem a little later on, with some sales made in the event that the quality is endangered.

Primary receipts of wheat were a little heavier, and amounted to 802,000 bu compared with 1,473,000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 86,000 bu.

Trade was light although possibly a little better than yesterday, and there were a number of changing orders in the wheat pit between various months, but the open interest in March stays very high and is still over 12 million bu with the first delivery day not far off. Premiums Southwest were about 1/2¢ a bu higher and even though milling demand is poor, there seems to be some buying of cash wheat by this group, which is apparently keeping the spot market strong and it in turn holds the Kansas City May future within 3 1/2 to 4¢ of Chicago, which, of course, is much narrower than in ordinary times. Yesterday's volume of trade in wheat was only 5.8 million bu, one of the poorest sessions we have had in some time, and even trade in corn has slowed down, yesterday's volume amounting to 2 1/2 million bu. In fact, the total for all cereals was 19 million bu, indicating no great interest at the moment. We believe that in order to get the market out of the rut there will have to be new incentives. This may come if export business expands, for at present there is no commercial trade, which in turn would stimulate some speculative enthusiasm.

Soybeans were barely firm but the open interest is quite large and exceeds that of any of the other grains. A good many people feel that later on processors will have to buy back hedges when they sell their product. The same occurred last year but the great strength was not reflected until quite a little later in the season.

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CHICAGO, 4 February 23, 1950

There was very little news over the holiday. The Winnipeg market had been open and while somewhat higher prices were recorded for oats, there were no great changes elsewhere. That market has ceased to be much of an influence upon us, although we opened very firm and gradually worked higher on weather news from the Southwest, with practically no moisture reported except some in Kansas City. The forecast for precipitation in eastern and central sections of Kansas and Oklahoma had failed to materialize, although there was a considerable amount of snow over the corn belt and some of our eastern sections, but here in the Central States we did not particularly need additional precipitation, as we have had quite a wet spell during the past several weeks. One of our men in Texas reports that wheat is holding its own but that there has been no important moisture now for several months, all of which is beginning to tell the story, and he believes that unless there is some relief during the next two weeks or so, the crop will go backward rapidly. They have also had greenbug infestation in virtually all large producing counties, but whether there has been much damage remains to be seen. The same infiltration of insects is reported to be causing a critical situation in parts of Oklahoma; thus we may hear more about that damage as time goes on.

Shortly after our market opened there was a report that the expected $15 million of ECA money was granted to Britain for the purchase of wheat and flour here and that an additional $30 million was granted for England's purchases in Canada, all of which means somewhat heavier shipments during the coming months. March and May wheat gained mostly in the early trade, although new-crop futures, which have been regarded as a bearish target for some time, also advanced probably in response to the dry conditions prevailing over much of the winter wheat belt. The weekly reports called attention to the surface soil, which in Oklahoma has dried off sufficiently during the past week to cause some concern, although has permitted ground preparation and spring planting. Soil moisture supplies were apparently ample in the eastern areas and adequate for the time being in most western areas except the western portion of the Panhandle. Wheat made rapid growth during the period over most of the wheat areas, with improved moisture conditions and warmer days. Most fields now show a good stand and pasturing has been extensive. In Kansas above normal temperatures are described as a factor in greening-up of wheat in nearly all parts of the State. Moisture received during the past two weeks has improved soil conditions, particularly in the Northwest and in several north central counties. However, in the more central sections they did not receive enough to relieve the extremely dry topsoil condition, which has prevailed there since last fall. Some blowing is also reported. Wet soil during the forepart of the week prevented progress of field work in many areas, although field activity has become more general, with the warm weather during the latter part of the week. Oats seeding has made good progress in southeastern quarters of the State, but was not generally under way in other sections.

Broomhall's reports on European progress discuss the weather also, which is quite mild but with few exceptions moisture supplies seem adequate; thus general crops conditions are satisfactory. The U. K. has had a mild spell, which is favoring crops but the soil is too wet to start spring plowing or planting. Government is again urging farmers to expand acreages. France is having spring-like weather and the crop promise is excellent. In Germany, there have been only a few complaints regarding winter crops, although the outlook is below last year's record. In Italy it is likewise mild and winter wheat has an excellent appearance. Spain and Portugal say that additional moisture would be beneficial. Broomhall also talks of widespread rains in Argentina, which have improved pastures, but there is no appreciable improvement in the corn outlook, which is still bad. However, soil conditions now are better for plowing of wheat.

Primary receipts of wheat amounted to 847,000 bu compared with 363,000 bu last week, and 644,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 117,000 bu.

With the great strength in beans, also talk of army awards on flour soon to come, there was increased speculative enthusiasm and better buying volume than we have had lately. March wheat was rather neglected, although we note that the open interest went down more than 1/2 million bu on Tuesday.

Corn finally followed, but was a little reluctant at the start. One of the leading industries was out of the spot market because of the coal shortage, but apparently this did not have too much influence on spot prices. Bookings from the country were small. However, as we understand it tomorrow the canals will reopen for barge

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CHICAGO, 4 February 24, 1950.

At this writing the British election is so close that it brings up the possibility of having to call a new election soon in order to get a clear-cut majority. It was generally conceded that Labor would probably lead the election by a small margin due to the fact that there was full employment in Britain, but another thing comes to the foreground: namely, that there cannot be satisfaction in a country under present conditions where it requires continued help from a capitalistic country like the U.S. in order to stave off chaos. The people have also learned, probably to their own discomfort, that wages alone do not set the standard of living. We have seen that in our own country, where returns to the worker are in many cases 100%, or even more, advanced from prewar, and yet with the inflation we have had the standard of living in many cases is lower and after paying high prices for food, automobiles, and ordinary necessities, not to speak of rents, which have also increased despite controls, yet the average person has less to save than he had at a time when wages were very much lower. The first effect always of any inflation is to create a better moral spirit. Those in England, who formerly received 8 pounds sterling per week for their services were elated when the payroll advanced and they had anywhere from 80 to 90% more in the pay envelope. However, the expense of living and the taxes of maintaining government have more than wiped out some of these advantages. Apparently this is being shown in the ballot box, despite the nationalization in many industries which has taken place, socialized medicine, which was intended to give greater benefits to all people, and the many other methods that the Labor Party instituted in an effort to bring about a more bountiful life.

When our market opened this morning, there seemed to be a little greater realization that in some parts of the country wheat was not so far from a basis at which redemptions might take place. This is particularly true in Texas where wheat is not yet coming out freely, but at least grain which has not been impounded seems to be marketed here and there. Chances are that further increases in price might create more anxiety on part of sellers. U.S. exports of wheat and flour for the past week were rather disappointing, and amounted to only 3 1/2 million bu, which brings the total since July 1st to 200 million bu. There are several conclusions to be drawn from these figures; first, it means that we shall have to ship 9 1/4 million bu per week, between now and end of the crop year to reach the government's goal of 375 million bu. This seems almost impossible even though shipments may be stepped up a little through the recent grant of ECA funds to Britain, and also the possible buying by Italy, which has probably started today in the form of flour. Taking a more realistic view, we would be fortunate if our exports averaged 6 1/2 million bu each week, which would get us a total of 325 million for the season, and on that basis our carryover reserve would be 450 million bu.

Since the start of the crop-year, August 1, 1949, all countries have exported 396 million bu compared with 490 million a year ago. This shows that the total takings have been smaller owing to more satisfactory crops in Europe. Even the large increase in population has not had much of a bearing on their import needs. Of total shipments, the U.S. during that period cleared 169 million bu, while Canada cleared 125 million bu compared with 114 million the year before. Australia shipped 57 million vs 50 million a year earlier; Argentina shipped 38 million against 28 million, and Russia 6 1/2 million compared with 8 1/2 million. All in all, it tends to prove that even with the large quantities that were given away or sold under our subsidy, we do not have quite the foothold in Europe that we did. Since last August our own clearances have been 110 million bu smaller, while many of the other countries did a larger business.

Primary receipts of wheat amounted to 892,000 bu compared with 447,000 bu last week and 419,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 190,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of 5.9 millionbu Markets were nervous and erratic. An eastern agency advised customers to take profits, which caused a break, but there were fair recoveries except that corn was under pressure, probably the result of weakening of cash premiums and that in turn may have been due to the coal shortage, which is hurting industries. All markets yielded some ground but by the same token recovered when the urgent liquidation was over. March wheat, however, was independently weak.

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CHICAGO, 4 February 27, 1950.

In view of the fact that speculation is often blamed for either extremely low or extremely high prices, and that fluctuations are said by some to be more severe because of public interest, it is noteworthy to quote from a Searle Grain Co. letter published February 22nd, It spoke of the Saskatchewan Wheat Pool which apparently publicized a chart showing wide swings in the market, and the following is a part of Searle's comment: "In the same advertisement the Wheat Pool shows that in the four years between 1919 and 1922 wheat prices fell $1.67 a bu. This is the Pool claims was the result of 'uncontrolled speculative marketing.' It is interesting to note, however, that in 1945 the Wheat Board's own set price for Class 2 wheat was $1.55 Fort William and that on November 28th, 1947, this same Wheat Board price had risen to $3.45, or a fluctuation of $1.90 a bushel in two years. Then the Wheat Board price for Class 2 wheat declined from $3.45 to a low of $1.91 on June 28, 1949, a drop in two years of $1.54 a bu." It can thus be seen that even governments find it difficult to abolish fluctuations. As one great economist pointed out: "If all the speculators in the world were dead prices would still fluctuate, yet how common is the belief that speculation is the cause of price fluctuations. This, indeed, is a strange confusion of cause and effect. We have some commodities in which there is no speculation at all, yet there is price fluctuation; for example, a government bond. The government stamps on its face in very plain figures just what its amount is. It will finally be paid in full. In most cases there are no speculators trading in these securities, yet the price varies from day to day."

When our market opened this morning, it was influenced by a slight improvement in weather, with a small amount of moisture reported at Garden City, Kansas, and Amarillo, Texas. Our weather man feels that by tomorrow night there is the possibility of a break-up, but the map is not too certain to make a decisive forecast, and apparently trade is not yet convinced of a change, so that prices eased off moderately, but offset by the strength in March wheat, that future having gone into new high ground, selling at a season's high, with the open interest still large and amounting to 10,206,000 bu. Ordinarily at this time of year we find a little more pressure from Southern Hemisphere, but there is nothing very impressive being shipped from either Argentina or Australia, despite the fact that the latter country has now raised a crop said to amount to 216.8 million bu. This would be one of the largest harvests on record, falling only a little short of the 1948 crop when 220 million bu was produced.

Secretary Brannan has recently stated that the government would have to continue active price support operations on numerous farm commodities. It seems that in 1949 farm earnings were considerably lower than in the previous year, despite near-record production. However, he called attention to the fact that farmers would be required to balance their production with demand, and some crops with the help of acreage allotments and marketing quotas. There seems to be a better than even chance, according to one source, that the Secretary will be permitted to try out his farm scheme (the Brannan Plan) on several perishable commodities. The economic effect that would be caused by such a development is likely to be tremendous, and practically every phase of American business would finally be affected. Some people believe that such an arrangement would cause the farmer to press his production on the market, regardless of price since all he would have to do to equate his income would be to keep a record of the bona-fide sale and then receive from the public purse a sum of money to bring that product up to the "fair price." Thus there would be no natural tendency to hold commodities away from a weak market, nor would there be any incentive for a middleman to store commodities during periods of cheapness.

When the visible supply of wheat was posted there was a decrease of 1 1/4 million bu; stocks in all positions are 169.3 million bu, or 73.4 million bu more than last year, of which 21.6 million is accounted for by the inclusion of Enid. Chicago stocks showed a trifling increase, and it is likely that there may be some moderate deliveries of both wheat and corn during the early days of March. The corn visible increased 438,000 bu, total stocks are 44.3 million bu vs 40.9 million a year ago. There was a decrease in Chicago of 124,000 bu.

Markets were not particularly active, but following the sharp advance Saturday some reactions were apparently in order. Cash markets were also quiet, while milling demand was rather slow. Mills expect a better export volume, but there is nothing encouraging at the moment. Beans gave ground grudgingly, but were finally a little lower in sympathy with the other cereals.

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CHICAGO, 4 February 28, 1950.

There had been a fair amount of moisture, rather scattered, over parts of the Southwest. It was heaviest in eastern and central sections, although skipped the Texas Panhandle and likewise amounted to very little over the western areas, but there was some reported in the northwestern part of Kansas. Chances are that some time this afternoon clearing conditions will set in with the possible exception of Oklahoma, where there is still some chance for further relief. The five-day forecast is not particularly optimistic and some districts that have not been benefited may complain, but on the whole we probably had more rain and snow than had generally been indicated, according to yesterday's map. The only other news of consequence was the amount of grain pledged under loans, including purchase agreements, and most attention centered around the figures published for wheat, with 368.2 million bu impounded end of January, of which 44.5 is under purchase agreement. This compares with a total of 364.3 million bu impounded last year. In a previous letter we pointed out that in practically all years with fairly large impoundings, defaults were never as heavy as the season-end impoundings. There may be two reasons for this: first of all, farmers who require their storage space may take a little sacrifice in order to get ready for the next crop, or else it may be that the amount under purchase agreement, which this year is almost 45 million bu wheat, may not be as deeply pledged as some of the wheat that is actually under the loan. In any case, the government points out another interesting fact; namely, that wheat would have to advance in price only a small amount to cause farmers to redeem their loans and sell it on the open market. The all-time high for impoundings was in 1942, when 408 million bu was tied up under the support program. Officials of the Department said that the amount of wheat and other small grains that it takes over when loans mature the end of April may be considerably lower than the January 31st figures.

Trade, of course, was also interested in the amount of corn impounded, with 205.6 million bu under loan and purchase agreement, an increase of more than 100 million bu during a month's time, and this compared with 148.4 million bu last year. There was nearly 15 million bu beans impounded against somewhat more than 10 million bu last year, all of which would indicate that when support prices are held excessively high, ownership finally passes to the government through default. Despite this situation we note that the Senate yesterday voted 58 to 24 to increase cotton acreage allotments for the 1950 program by some 800,000 acres, and also, decided to leave the potato price support program alone until next year.

There was a cargo of #2 red wheat sold to the United Kingdom from Albany. Figuring this back to the Chicago basis, it meant about May price in store here if the grain were shipped all rail from our market. However, we did not know the exact details, and the transaction had little effect on the old-crop futures, although they were somewhat firmer in the early dealings, probably influenced by the impoundings which were heavier than had been anticipated. Some small amounts of wheat were tendered on March contracts, but this, too, had very little effect marketwise.

Primary receipts of wheat amounted to 911,000 bu; this compares with 802,000 bu last week, and 1,044,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 10,000 bu.

Markets today were rather inactive, with the exception of beans in which there was moderate trade. Wheat fluctuated back and forth without any great trend, and the open interest in the March delivery is still large, amounting to more than 10 million bu. Some wheat was tendered, but we only heard of about 140,000 bu all told, which of course is small in comparison with the open interest.

The trade no doubt will be interested to learn that loans and purchase agreements on wheat in the eastern states totaled 26.8 million bu, which was very little more than a month earlier. However, in the Southwest, comprising Nebraska, Kansas, Oklahoma, and Texas, the total amount is 186.1 million bu compared with 163 million bu at end of December. The four northwestern states including North Dakota, South Dakota, Minnesota and Montana, totaled 61.8 million bu at end of January compared with 45 million bu the month before. With a total for the country of 75 million bu stored on farms, we would not be surprised to see some of this wheat redeemed ahead of grain at terminals.

Final prices were not much changed in wheat. Corn was slightly reactionary, while there was some liqudation in beans, although there were some reports that CCC had made purchases in the Southwest apparently designed to be used for export. England has asked for offers on 9,000 tons of flour overnight, but other

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CHICAGO, 4 March 1st, 1950.

The parity formula is so intricate that the average person finds it very difficult to guess from one month to the next whether a decline or advance might take place. For example, declines in theprice of soap and auto supplies helped to some extent as did the decline in the price of clothing, food, and building materials to offset some of the advances in other lines. Going a little further, a big decline in the price of canned salmon from year ago levels was the principal factor responsible for the reduction in the food price index. In any case the changes from last month were quite unimportant for staple commodities, such as cotton, wheat, corn, etc., although a few items, such as rice, tobacco, and barley showed small reductions.

All this had very little influence on our market but apparently there was quite an improvement in the flour demand and purchases yesterday and today necessitated covering of hedges in the pit, which gave considerable support at times. Commodity Credit Corporation announced a list of articles that it would sell to buyers for domestic use during March 1950. This is the second time they have set prices on some of their accumulated supplies. However, under the Agricultural Act of 1949, it is not permissible for any basic agricultural commodity or storable non-basic commodity to be sold at less than 5% above the current support price plus reasonable carrying charges. 15 million bu wheat was listed as being for sale but at a price of $2.48 per bu in store in Minneapolis for #1 dark northern spring, and a price of $2.47 per bu for #1 hard wheat in store at Kansas City. At all other points an adjusted freight would be applicable except that the resulting price could not be less than the loan rate at point of sale plus 26¢ per bu. Under these circumstances, there is no danger of anything being dumped at a cheap level, and for the time being at least this announcement may also be forgotten as a market factor.

There was nothing further in the way of moisture Southwest. Clearing conditions have set in and while temperatures are somewhat lower, it looks as though by Friday decidedly warmer weather would prevail, but yet there is no chance for further relief. Under these circumstances, deferred months have also advanced about in proportion to the higher level for March and May wheat, and there is continued talk in many parts of Oklahoma that green-bug infestation may be a very important item when the crop advances. Many farmers are clamoring for information that will help them in controlling the wheat pests, but nothing very satisfactory has been resolved up to this time. The Santa Fe Railway report characterizes winter wheat in the territory served by its Railway as ranging from poor to excellent. Apparently there is considerable subsoil moisture except in the extreme southwestern part of the territory and in a few central Kansas counties. However, surface moisture is dry in New Mexico, eastern Colorado, western Texas, and the Oklahoma Panhandle, while fair conditions, and in some cases excellent ones, are reported in most of Oklahoma, northern Texas, and the greater part of Kansas. Unfortunately, some of the western territory has received no effective moisture since early October, yet in the other important areas a fair amount of relief was had in the form of light snow and drizzling rain. Eastern sections, and in some cases those in the central parts of Oklahoma and Kansas, have had ample moisture all winter and prospects, therefore, are excellent, or at least indicative of a good crop return next summer.

Broomhall's Foreign Crop Summary talks of some sharp frosts at night in west and central sections of the Continent, where there has been very little snow. Until there is growing weather it will be difficult to tell whether actual damage was sustained.

Primary receipts of wheat amounted to 552,000 bu. Last week was a holiday and last year we had 726,000 bu. Kansas City and Minneapolis stocks so far this week show a net increase of 30,000 bu.

Markets were all very strong under the leadership of beans. It seems the trade was impressed with the fact that March deliveries made yesterday have probably gone into strong hands, and the talk is that a processor may have needed supplies for grinding. In any case, the March future was up sharply and this in turn affected the more distant months also. Corn showed a much better undertone than at any time lately, with some miners returning to work. Corn recovered well from minor breaks and there seems to be no pressure from the country. The main influence in wheat was the improvement in milling demand and the belief that the next crop while still large may be somewhat smaller than the bumper yields of

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CHICAGO, 4 March 2, 1950.

It was rather cold in the Central States but more moderate temperatures prevailed Southwest, and it looks as though some moisture might be had in the dry sections by tonight or tomorrow. Our weather man is reasonably optimistic that precipitation may be general but how much will fall, if any, of course, is a guess at this time.

In any event shorts who had covered recently their deferred positions became a little more aggressive this morning and there was also profit-taking with the result that the spread between May and July widened out considerably, and for a time March and May wheat held rather strong, despite the fact that a report was current that the Italian export business had been indefinitely postponed. As we view the matter, exports are most important, and probably outweigh even the large quantities of wheat that are impounded. For every surplus bushel we fail to ship it means that much more added to the carryover, and judging from the clearances last week we are not doing a particularly good job, despite very high subsidies that are being granted ECA countries. Wheat and flour shipments from the U.S., according to Broomhall, amounted to a little less than 3 million bu last week, bringing the total since July 1st to 203.7 million bu. There was not much done in other grains either although 216,000 bu oats, 372,000 bu soybeans, and 23,000 bu barley cleared. It looks now as though total wheat and flour exports for the year would not be much over 300 million bu. If this is the case it can only mean further accumulations and the piling up of reserves. It is bound to finally tell on farmers' incomes, particularly with smaller harvests on the reduced acreage.

According to the Department of Agriculture, farmers cash receipts from marketings last year amounted to $27.5 billion, which was a cut of 10% from the year before when they received $30.5 billion.

There was continued strength in beans during the early part of the session. The carryover feeling from yesterday was quite bullish, and the fact that there have been no large re-tenders is taken to mean that processors want to build up inventories. However, word came to us from Kansas City that CCC was not actively bidding but that they would consider offers on #2 yellow beans, FOB vessel, at gulf ports shipment from March 10th to 20th. We think on the strength of this there was some selling in the pit, although the July future, which has been at a discount, held relatively well. Corn prices continued firm again, and there is no important pressure from the country. The corn-hog ratio is fractionally worse than last week, now standing at 12.4 compared with 12.7 at that time, and 15.1 last year. Nevertheless, we know that feeding operations are currently going ahead on a satisfactory volume, and it is reasonable to suppose that with prices so far under the loan, additional large quantities may be impounded during the next few months.

Primary receipts of wheat are keeping up reasonably well, and amounted to 741,000 bu; this compared with 847,000 bu last week, and 952,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 47,000 bu.

There was nothing much to encourage fresh buying in wheat, and about the only argument we can see is the heavy amount impounded under the loan, but of course there is always a chance as in the past that fair quantities will be redeemed. It, therefore, depends on the amount of free stocks which are going to be available before another harvest is at hand. The milling demand keeps very dull in all directions. During the session there were a few reports of snowfalls in various sections of the country; as for example, at Oklahoma City, which is in the central part of the state, but it was far from general.

Cash demand was generally slow, not much commercial business, but mills, if anything, seem to be a little less aggressive in the spot market. On basis of the figures given earlier, we would have to ship on an average of 10 million bu each week during the 17 remaining weeks of this season to reach the government goal of 375 million bu for wheat and flour exports, and in our opinion it may only be about half of that quantity, which if correct, may have a tendency to narrow the May-July spread considerably, although this may not come until later on.

There was no particular pressure in corn, #2 yellow sold at 5 1/2¢ over, but it looks as though heavy feeding and large impoundings probably would prevent any great weakness.

UHLMANN GRAIN CO.

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CHICAGO, 4

March 3, 1950

Both private and official forecasters yesterday were reasonably sure that some moisture might develop in the Southwest and would even reach the dry areas, but apparently the low barometric pressure was dissipated, but in any case overnight moisture was very disappointing, only a small amount occurring in eastern sections of Kansas. Elsewhere relief failed to materialize and both the short forecast and the five-day outlook do not indicate any immediate improvement. Sometimes, of course, rains come out of a clear sky, just as optimistic forecasts fizzle out, but yet nobody can count on that, and this morning those who were short new-crop futures were apparently inclined to cover their commitments, while there was probably also some buying against export sales, these factors having a tendency to narrow the spread between July and May, which was just the opposite of what we had yesterday.

Marshall Plan aid will probably fall off sharply to a level of $2 to $2 1/2 billion instead of the near $3 billion, which had been asked for. To what extent this will mean smaller ECA shipments to Europe is difficult to say at this time. Moreover, we all know that without the big subsidy it would be impossible to export any wheat at present, owing to the fact that competition is so much cheaper. As we have pointed out before each cargo sold to Europe under IWA costs the taxpayer about $190,000, and this is a tremendous burden which cannot go on forever. Nevertheless, we must recognize that we now have a two-price system in this country, and if we are going to keep domestic values on a high level in order to help the farmer, either acreages have to be drastically cut or else we have to dispose of surpluses at a loss. There can be no other route.

Farm purchasing power is not as good as it was during the early part of the postwar period. According to the experts, producers are not too far ahead of the prewar level. Since 1948 farmers, as a general group, have suffered a 23% decline in prices, while the cost of articles purchased have declined only 10%. The result is that the real unit price of farm products has declined about 15%. Probably those in the poorer category are the corn-hog growers who have been pinched, and we have referred recently to the recent corn-hog ratio as compared with last year, although it still must be profitable to feed. Thus there is no reason to feel that our corn consumption will be anything but a very high one as has been indicated from the first quarter returns. Cattle growers have suffered the least but farmers who have not fed their corn have suffered a great setback unless they took the loan since present values show a heavy decline as compared with the last year or two. Their situation might even be somewhat worse than it was before the war, taking everything on a relative basis. According to one authority tractors now cost about 1,600 bu of corn against 612 bu two years ago and 1,534 bu in the 1935-39 era.

Primary receipts of wheat were a little lighter and amounted to 603,000 bu compared with 892,000 bu last week and 926,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 34,000 bu. When the wheat visible is posted on Monday the shrinkage should not be large and will compare with nearly 1 1/2 million bu a year ago.

Markets were very firm during the forepart of the session, wheat and beans particularly strong, but later on there was some profit-taking when one of the agencies recommended the sale of certain grains, which apparently brought some liquidation into the pits, although selling was not particularly heavy. On the way down there was some absorption of July wheat, which may have been against export business, but milling trade was still distinctly slow, and the majority of the mills are doing only a small flour business, according to the Southwestern Miller. Export trade, according to the same source, is limited chiefly to the U.K. During the week-February 21st to 28th-the IWA sales from this country were 4.4 million bu of wheat, including 1.1 million bu in flour equivalent. Chief buyers were the U.K., Netherlands Italy, and Belgium. Our total now reached is 69 million bu, leaving 99 million bu to complete the yearly quota. All countries now have sold 259 million bu, leaving 196 million bu available to export. Canada still has 49 million bu to sell under its agreement.

Until we get some precipitation over the winter wheat belt we doubt whether declines will extend far, but for the time being there seems to be no great urge to buy.

Corn was quite indifferent, and while the pressure from the country is very small it is likewise a fact that the industries are not aggressive, and this makes the market rather two-sided, at least for the present.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 6, 1950.

Secretary Brannan has said that our wheat exports would drop sharply, and will run around 250 to 300 million bu for the years immediately after 1950. However. the Department is on record with their latest estimate of 375 million bu exports for the current fiscal year ending June 30th, which in turn had been cut down from their maximum guess of 450 million earlier in theseason. In general we think that the Secretary has the same idea that many in the grain trade hold --that it will be increasingly difficult for the United States to compete in world grain trade. Such countries as Canada, Australia, and Argentina depend upon exports of agricultural products for a good share of their livelihood. While the United States normally exports some grain, we are more often a net importer of agricultural products which was our status for a number of years before the war. Figures given by the Department for the month of November showed the value of our imports of agricultural products was in excess of our exports, and we believe this was the first single month as such since the end of the war. So there is a tendency toward gradually returning to our former status. From the lack of current reports of new export grain sales, it continues to appear that we will not come anywhere near the Department's 375 million bu estimate, and to the extent which we miss it, our carryover figures would rise above 400 million bu. We have pointed out that it would take exports of about 6 million bu per week for our total to reach 300 million bu, yet scarcely in any of the recent weeks have we come up to this level.

Southwest reports mild temperatures and as yet there has been no substantial moisture in some of the early-growing areas --as example, in parts of Texas. A prominent crop reporter believes that the greenbug infestation has spread, and that it would take rains with warm weather to curtail this menace. There are expectations for some moisture overnight but unfortunately not much is expected in the western areas of the winter wheat belt. Winter is not quite over, as another cold wave is coming down from the Northwest with extreme temperatures expected in the northern part of the country, and brought some moisture in Western Canada and parts of the U. S.

There has been a tendency for wheat premiums to decline, as the futures markets have advanced in Kansas City, so it seems that consumers are dependent upon farmer-selling, and to that extent it appears as though it will continue to be difficult to get wheat into commercial channels, unless prices should advance. In the eastern part of the country we view the situation quite differently as stocks are ample and although we have not had many deliveries on Chicago futures, we do have a rather good-sized stock here that is subject to conditions as they develop, and east of us wheat continues to sell considerably cheaper than the Chicago shipping basis.

When the visible supply was posted there was a decrease of a little over 2 million bu, which leaves total stocks in all positions 167.3 million bu, compared to 94.4 million last year. However, the inclusion of Enid makes a difference this year of 21.6 million bu. Corn decreased 1.6 million bu, leaving total stocks 42 3/4 million bu against 35.6 million last year. Chicago wheat stocks declined 218,000 bu, leaving a total here of 6.6 million bu. Corn increased 629,000 bu to 5.7 million bu, and besides that there is 150,000 bu afloat. There was a moderate decrease in the U S oat visible, the total now being 12 1/4 million bu against 4.1 million bu last year.

Very little attention was paid to Secretary Brannan's report that the decline in exports will pose problems for the U. S. producers. He called attention to the fact that already acreage allotments have been proclaimed for the 1950 crop of wheat, this being the first since 1943. He also said that with average yields this summer, and with the acreage planted, or to be planted, for the 1950 harvest that we might produce 1,100 million bu. This would provide about 700 million bu for domestic use, a normal domestic consumption, and 400 million bu to meet estimated export requirements for the U. S. during 1950-51. However, with dry weather in the Southwest, and not much chance for any relief the new-crop futures again tended higher. March wheat went into new high ground, and sold at the season's high. May wheat also sold at the season's top, which of course encouraged some buying all around, and the close was very strong.

In beans there seem to be some heavy deliveries against March contracts, some think that this is for a member of the industry, and it had rather a bearish influence on the nearby month as compared with later futures. The deferred deliveries at one time were quite weak, but later recovered much of the lost ground. There was not much feature in corn, although prices were somewhat firmer with the strength in wheat.

UHLMANN GRAIN CO.

[illegible]

[illegible] March 8, 1949

[illegible] Secretary Brannan [illegible], that our wheat exports would drop sharply [illegible] around 200 to 250 million bu. for the years immediately after 1950. [illegible] [illegible] as on record with their latest estimate of 375 million bu. [illegible] [illegible] current fiscal year ending June 30, which in turn had been cut down from earlier estimates of 450 million earlier in the season. In general we think that the [illegible] has the same idea that many in the grain trade hold — that it will be increasingly difficult for the United States to compete in world grain trade [illegible] [illegible] Canada, Australia, and Argentina depend on exports [illegible] [illegible] for a good share of their livelihood. While the [illegible] [illegible]

[illegible] our status for a number of years before the war. Figures given by the [illegible] [illegible] for the month of November showed the value of our imports of agricultural products was in excess of our exports, and we believe this was the [illegible] month as such since the end of the war. So there is a tendency toward gradually [illegible] to our former status. [illegible] the lack of current [illegible] of [illegible] [illegible], it continues to appear that we will not [illegible] [illegible] 375 million [illegible] [illegible] [illegible] [illegible] that it would [illegible] of about [illegible] million bu. per week for the total to [illegible] million [illegible] in any of the recent weeks have we come up to this need.

[illegible] moisture in some of the early-growing areas — [illegible], in parts of Texas. A prominent crop reporter believes that the [illegible] section [illegible] and that it would take rains with warm weather to curtail the [illegible]. There [illegible] [illegible] for some [illegible] that [illegible] [illegible] of the wheat [illegible]. Winter is not quite over, as an [illegible] [illegible] is coming down from the Northwest with [illegible] [illegible] the northern part of the country, and brought some moisture in West [illegible] [illegible] the U. S.

There has been a tendency for wheat premiums to [illegible] [illegible] markets have advanced in Kansas City, so it seems that [illegible] [illegible] to move less [illegible], and to that extent it appears as though it will continue [illegible] difficult to get wheat into commercial channels, and [illegible] [illegible]. In

[illegible] and although we [illegible] had any deliveries on [illegible], we [illegible] have neither [illegible] stock [illegible] that is subject to [illegible] [illegible] [illegible] wheat continues to sell considerably [illegible] than [illegible] basis.

When the visible supply was posted there was a decrease of [illegible] 2 million bu. which leaves total stocks in all positions 167.3 million bu. compared to [illegible] million last year. However, the inclusion of [illegible] makes a difference [illegible] 71.4 million bu. [illegible] 1.4 million bu. [illegible] [illegible] million bu. against 55.6 million last year. Chicago wheat [illegible] [illegible], leaving a total [illegible] of [illegible] million bu. Corn increased [illegible] 5.1 million bu. and [illegible] 136,000 bu. [illegible]. There was [illegible]

[illegible] last [illegible].

[illegible] attention was [illegible] to Secretary Brannan's report that the [illegible] [illegible] problem for the U.S. producers. He [illegible] [illegible] that [illegible] have been [illegible] for the [illegible] [illegible] [illegible]. He also said that with average yields [illegible] [illegible] planted, or to be planted, for the [illegible] would provide about [illegible] million bu. This would provide about [illegible] [illegible] normal domestic consumption, and 400 million bu [illegible]

[illegible] not much [illegible] for any relief the [illegible] [illegible] [illegible] went into new high ground, and [illegible] [illegible] at the second top, which of course [illegible]

[illegible] seem to be some heavy deliveries [illegible] March contracts [illegible] for a number of the industry [illegible] [illegible] [illegible] with [illegible]. [illegible]

DAILY MARKET LETTER

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CHICAGO, 4 March 7, 1950.

For several years we have hardly had any crop scares, and, therefore, the dust storms which are now being reported are rather novel to many people in the trade who have forgotten that these used to exist almost every year in either mild or violent form at one time or another. It is rather the exception to get moisture just exactly when it is needed, and, of course, when it does come at propitious times we get the bumper crops, such as we have had since 1944. As we have pointed out so often in these letters, only once before: namely, 1915, did we have a billion-bushel wheat crop, but, of course, there were also periods when our exports were rather small; consequently, average production in the ten years prior to the war of 740 million bu was enough to take care of all domestic requirements plus small shipments overseas. We must also make up our minds now that we are not going to have the big markets abroad after European crop production gets back to a more normal basis. We must also take into account that in the principal wheat exporting countries, comprising the United States, Canada, Australia, and Argentine, wheat stocks on July 1, 1949 were 638 million bu, or 19% higher than on July 1, 1948, when they totaled 536 million bu. While not considered particularly large, these stocks, nevertheless, were 39% above the prewar average for the years 1935 to 1939. At that time similar stocks in those countries amounted to only 458 million bu.

As Mr. Brannan points out: "In a word, the grain situation in 1949, with the customary differences attributable among areas to different weather conditions, was pointing toward generally easier supply positions. The United States particularly, with more than 700 million bu of wheat available for export and carryover, will be able to meet all likely demands." In Mr. Brannan's annual report, which was issued yesterday, he also thought it would be useful to recall recent trends in wheat prices. He pointed out that growers had more than quadrupled returns between 1940-41 and mid-January 1948. Specifically the price of wheat advanced from 67¢ a bu to $2.81 a bu. As one of the foremost economists in the East points out: "If farmers are given a guaranteed income near the peak level, and it has been recently suggested that for 1950 it would be placed at over $26 billion, the Labor Unions would clamor for guaranteed wages, and some other groups would join the procession until finally everybody and everything would be underwritten by the government." Under such a system this authority believes that the state would rule with an iron hand while the people would become mere puppets cringing and groveling before the master planners.

When our market opened this morning, it was naturally influenced by some inflammatory reports heard over the radio telling of dust storms, high winds and lack of moisture, not to speak of greenbug damage in Oklahoma. It has been our experience that two or three days of high winds this early does not necessarily ruin a crop, particularly coming this early. There were a few snows reported over parts of Nebraska, also Great Bend, Kansas, and a blizzard at Norton, Kansas, which is in the northwest part of the state. However, the five-day forecast is not at all hopeful for any appreciable relief but yet after the first hour when one of the eastern advisory agencies recommended the sale of beans and July wheat, we had a fairly healthy reaction.

Primary receipts of wheat amounted to 895,000 bu compared with 911,000 bu last week, and 1,806,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 12,000 bu.

Markets were nervous and erratic, as is generally the case when weather is such an important factor. Late in the session there was a Kansas forecast, which indicated a little more hope, although it was not too optimistic. They predicted light snow and blowing snow in the western and north-central portions, with scattered showers for the remainder of the state. For Wednesday, partly cloudy and colder with slowly diminishing winds. This does not suggest any real relief, but is better than the five-day forecast indicated, and may have had a little influence for a time on the new-crop futures. March wheat was strong, and increased its premium over May. Deliveries up to now have been next to nothing. According to the Southwestern Miller flour business remains extremely light, export business is also small, and the U. K. is about the only interested party.

Corn, with the exception of the March future, was very firm, and we understand that a total of 6,000 tons was worked to Ireland via the Atlantic seaboard. Beans were influenced by further deliveries and tenders on March contracts. However, the deferred futures recovered pretty well from liquidation and sales to take profits. Naturally at this level there seems to be a little more inclination for conservatism.

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CHICAGO, 4 March 8, 1950.

The overnight weather was about in line with expectations. Nobody had looked for very much relief, although there was a slight possibility of some scattered but unimportant showers for Kansas. These failed to materialize. There had been a considerable amount of snow over Nebraska during the past twenty-four hours but over more southern sections, including Kansas, Oklahoma, and Texas precipitation was next to nothing. The forecast is for lower temperatures tonight over the main winter wheat belt, and the only optimism is that winds will probably diminish. Thus there may not be the blowing that we have had recently, and after all, this is just the beginning of the second week in March; consequently, too early to become alarmed about crops, although we admit that some deterioration may have taken place and it will continue until we get a good soaking rain or the equivalent.

Meanwhile, conditions in Europe are quite favorable and Broomhall speaks of some damage from recent alternate frosts and thaws but it is not possible to determine the extent of damage, although preliminary advices indicate very little. It has now turned warmer, and for the most part the outlook seems to be optimistic for the majority of European countries. U. K. weather is now favorable while France has abundant moisture, and prospects are for another large crop of wheat; also, indications are that there has been but little damage from the recent severe temperatures. Warmer weather in Italy is now reported, although the recent cold had not taken a heavy toll. We also hear from the same source that President Peron of Argentina has advised farmers in that country of the necessity for continuing heavy production of cereals, and shortly he intends to launch a campaign for increased production, possibly as much as 33 to 35%, all of which will be handled at remunerative rates. Apparently the government will finance such an expansion program. As for Australia reports do not indicate that wheat will be cut any from the one-third increase of recent years; therefore, on heavy sowings they may have bountiful crops given proper weather conditions.

When our market opened prices were mostly firm, although one of the elevators here in Chicago owned by a processor had apparently made arrangements to become regular. Since that firm has a capacity of about 900,000, the trade construed it as meaning the likelihood of bean deliveries on the March contract. Thus there was some narrowing of the spread by which March lost most of its premium over May. There was some buying of wheat this morning on reports of Mexican business having been completed. Besides that a cargo of No. 2 red wheat was reported sold via the Atlantic, and a cargo of No. 2 hard wheat from the gulf, apparently with the U. K. as its destination. ECA grants were also made to Greece to the tune of about $10 million for wheat and flour purchases and about half that amount to Italy, with the result that Italy will be in the market immediately for approximately 2 1/4 million bu wheat. Naturally these factors, coming at a time when we have dry weather and pessimism with respect to the new crop, were bound to cause some uneasiness amongst shorts and probably a little investment buying by those who felt the constructive side of the market was warranted.

Primary receipts of wheat amounted to 368,000 bu; this compared with 552,000 bu last week, and 1,061,000 bu last year. Kansas City and Minneapolis stocks so far this week showed a total increase of 35,000 bu.

There was not too much activity in our markets, although later in the session it was claimed by an agency in the East that it believed as much as one million bu of #2 red wheat had been sold to the U.K. Of course, this is business ordinarily handled by Australia, that country producing so much soft wheat, but apparently with the subsidy granted from here they naturally get their supplies cheaper in the United States. We would not be surprised if a good part of this wheat were already located in the East, as the price would not be in line for wheat held in Chicago.

At times there was a little weakness, but on recessions support came into the market with the question of weather and exports being the main factors. Domestic milling business was extremely poor, but little attention paid to such news.

The state reports confirmed high winds which had resulted in some soil drifting, and the need for rains to bring about correction.

Beans at one time were weak, but also showed recovery and apparently as liquidation takes place new buyers can be found, so that there does not seem to be any sustained weakness.

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CHICAGO, 4 March 9, 1950.

While almost everything is completely different from after World War 1, we can see certain similarities in grain and similar tendencies developing, which in the long run are bound to be important, and possibly fateful to our economy. We refer principally to the fact that now, as then, almost every European country is, and was, trying to become self-sustaining within its borders, knowing full well that Marshall Plan dollars can not last forever. We recall so well that after the first World War farmers in Europe wanted protection. They heard the exporting nations both in North and South America were clamoring for farm relief. They had witnessed the Canadian Pool giving encouragement to farmers to stimulate acreage expansion, and they had seen the payment of bounties. Fearful of dumping, France, Italy, and Germany resorted to very high import tariffs and to the use of quotas. They also compelled native grain to be largely admixed in flour. Thus restrictions had a twofold effect: first, it cut down the business from surplus nations, and second, European planters became so well satisfied with high prices that their production increased very rapidly.

It is with interest that we now read Broomhall's proposal that Europe and the United Kingdom become self-sufficient in cereals. Apparently this authority has abandoned its sixty-year battle for Western Hemisphere wheat. It is stated that before the war it was Britain's policy to deplore self-sufficiency in wheat since it meant high cost production on marginal land and a protective price level which could not be justified when compared with the low overhead costs in the traditional exporting countries. Now it seems to be different, and importers abroad know that with agriculture so closely controlled in the United States, Canada, Argentina, and Australia they no longer have the hope that over a period a reasonable price level could be expected, and that peak prices in times of scarcity would be offset by low prices in times of abundance. Few people, therefore, feel that by the time Marshall Aid ends importers will be able to continue their purchases of wheat in the dollar areas. While Europe has not yet as a whole returned its production to prewar levels, it is moving rapidly in that direction. Broomhall also points out that between the late 1920's and the late 1930's the continent of Europe cut its imports of wheat from 440 million bu a year to 208 million bu.

We have always felt that holding prices artificially high would finally damage the farmer rather than help him. We do not mean by this that we would sit idly buy when agricultural prices are low or depressed, and there is a chance that producers might lose their farms. Certainly nobody is opposed to helping his fellowmen, but the greatest enemies of Democracy, the most violent reactionaries are those who have lost faith in the capacity of a free people to manage their own affairs. If we are going to resort to government help to protect every segment of our existence, we shall have to set up the government as a political and social guardian. We believe in our own hearts that we all despise the man who wishes the state to take care of him, and certainly for the most part our people would rather live meagerly and in the way they can find contentment rather than suffer a fat and regimented existence.

When our market opened there was nothing of an optimistic nature in weather reports. Some rain is likely in western Texas and possibly some unsettlement in other districts, but our weather man is not looking for any real relief. We saw a message from Hutchinson, Kansas, that it was the consensus that wheat had been hurt very little throughout the state, although at Hutchinson and west moisture was needed. Other comments were more or less the same, and, of course, a good soaking rain might change everything. It is now thought that Italy may make its purchases by tomorrow. Meanwhile, further allocations by ECA have been granted to various European countries, while in corn there seems to be a rather brisk business under way.

Primary receipts of wheat amounted to 609,000 bu. This compared with 741,000 bu last week, and 1,260,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 142,000 bu.

Trade was not particularly active although it was reported that an additional three cargoes of hard wheat had been sold to Britain from the Gulf. This means about a million bu and goes quite a way in filling up the U. K. quota. Milling demand was rather slow and flour export business likewise poor. Despite reports trickling in talking of dust and blowing the deferred months were quite weak. Corn was strong at times but best prices did not hold. There is still enough export business to prevent any heavy accumulations.

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 March 10, 1950.

The whole question of farm supports needs a complete overhauling in our opinion. When it was first initiated it was intended to prevent the farmer with a small income from losing his land, but that was at a time when returns were very poor. Wheat, corn, oats, and other cereals were selling at disastrously low levels, and it was a question whether many farmers could pay taxes and continue in business. In the meantime, with great improvement in mechanized equipment, there are 5 million fewer people living on farms than in 1910, when our population was only 92 million persons. In recent years many wealthy investors have bought farms, knowing that the government would support operations, and thus others have paid out in taxes to insure good income for those who bought land. Whether a distinction should be made between large land holders and others is also a question, but in many cases the little fellow has been made a "stooge" for the whole system of guaranteed supports. Maxwell Anderson, author of THE GUARANTEED LIFE, has this comment to make, and we have taken only a small portion of his material: "If our country goes totalitarian out of a soft-headed humanitarian impulse to make life easy for the many, we shall get what we vote for and what we deserve, for the choice is still before us, but we shall have betrayed the race of men, and among them the very have-nots whom we subsidize.****** Those who are not willing to sacrifice their lives for their liberty have never been worth saving. Throughout remembered time every self-respecting man has been willing to defend his liberty with his life.******* When a government takes over a people's economic life, it becomes absolute, and when it has become absolute it destroys the arts, the minds, the liberties, and the meaning of the people it governs."

When our market opened this morning the deferred wheat futures were influenced by a prospect of rain or snow for most of the southwestern districts. Whether it will be heavy remains to be seen, but later the five-day weather outlook was also posted and confirmed the belief that precipitation might be considerable in certain areas. It stated that precipitation of 1/4 inch was looked for in Nebraska, western Kansas, western Oklahoma, and 1/2 to 1 inch for the remainder of the district. Snow flurries for Nebraska dnd light snow western Kansas and rain most of Oklahoma, Missouri, eastern Kansas Saturday ending in the Southeast portions Sunday. Precipitation again about Tuesday or Wednesday. For west Texas, including the Panhandle, generally light precipitation with scattered showers Monday or Tuesday.

On the other hand there was considerable export business, which meant the removal of hedges in May wheat. As far as we can learn 5 cargoes of #1 and #2 hard wheat have been sold to Italy from gulf ports. There were also 2 cargoes of #2 red wheat sold from Philadelphia with Portugal as the destination. This together with the recent British business naturally has had quite in influence on old-crop months. However, it is our feeling that these large importers have recently covered their quotas and with only the smaller countries to buy, unless further allocations are granted, business henceforth may be on a much smaller scale. The same is also true of Mexico for the time being.

During the session there were some reports of an optimistic nature. Liberal, Kansas, reported showers around Guymon, Oklahoma, and we heard from Dodge City, Kansas, that there was no wind, temperature about 60. The party claimed from personal observation and what he gathered from farmers that wheat was not hurt as badly as claimed a few days ago. Fields are greening-up fast, but there would definitely have to be moisture within the next two weeks or so. However, winter wheat being sturdy has proved that it could take a lot of punishment.

Primary receipts of wheat amounted to 444,000 bu compared with 603,000 bu last week, and 1,240,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 202,000 bu.

Trade was fairly active, export houses were covering hedges a good part of the day. This widened the spread considerably as compared with the deferred months. However, it is our opinion that the big countries now have pretty well obtained their quotas, and there may not be much additional business immediately. Flour sales at home are less than half of capacity, and not much doing either in export circles. During the session there was a little more optimism as to the amount of moisture we might expect; this had a depressing influence on the new-crop months.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 13, 1950.

There was very little moisture over the week-end. Some was reported in central Oklahoma, eastern Kansas, and throughout parts of Nebraska, but it was quite disappointing in view of what had been forecast preliminarily on Saturday, although the late prediction did not carry as much hope as the early morning report put out by the Bureau, which was confirmed by our own weather man. It seems extremely difficult once dry weather sets in to get a marked change, particularly in those portions of the Dust Bowl where it is predominantly dry, but at the same time one cannot overlook the fact that we need a good, drenching rain and until it arrives, there is going to be a certain amount of disturbance in the market even though the carryover reserve will probably be one of the largest, although smaller than in 1941 and 1942, when we had record supplies on hand. At the same time the distribution of wheat is important, and while up to now red wheat has been more or less a drug on the market, there seems to be some of this grain being shipped east to take care of export requirements. This caused the old-crop futures to make new highs for the season, and March wheat sold nearly 12¢ over May, indicating that without deliveries of any consequence, shorts are having difficulty in covering their commitments.

Broomhall reported that Spain had purchased all of its requirements in the Argentine during the past few days. Previously that South American country had refused to ship further quantities until prior sales had been paid for, or at least had been bartered for commodities that could be exchanged profitably. Apparently some compromise has been reported and we hear a figure of 18 million bu, which is undoubtedly the amount that Spain needs. It had been hoped that some of the Spanish requirements might be taken from this country, and there is still some chance because from a later report we gather that Spain had purchased only 1,600,000 bu wheat together with 1,800,000 bu rye, which was much less than anticipated. The wheat price is said to be as low as $1.83 a bu, and the rye $1.33 in terms of U.S. money. Thus, the wheat price is about 30¢ under previous quotations and the rye 10 ¢ under. In Argentina the government is offering farmers various incentives to expand cereal production, and this is quite a reversal in their policy, but they must have had a bad experience in holding prices down, land was neglected, less fertilizer was used, and altogether a country which was so largely agricultural had begun to slip. It remains to be seen whether farmers will cooperate after so many years of unremunerative business. According to Broomhall progress in Russia is favorable with respect to crops. Snow has practically disappeared, grain is greening, and it is expected that production in the Ukraine will surpass last year's record. Recent revisions in some of the countries have now brought the world crop estimate to a total of 6,240 million bu wheat as compared with 6,185 million estimated early this season and a revised estimate last year of 6,410 million bu. The prewar average was 6,021 million bu and it seems that North America has had a big increase, having gone from 1,086 million bu before the war to 1,532 million bu this season. Europe declined from 1,595 million bu to 1,485 million, which was still 30 million greater than last year. South American crops were 275 million bu, almost up to prewar, while Australia produced 214 million bu this past season compared with 176 million for that country before hostilities. Russia is down to 1,100 as compared with 1,240 million in the prewar period. Asiatic crops show little change, but one important decline occurred in India, with 60 million less than prewar. Other differences are too numerous to report here, but suffice it to say North America was one of the real big increases.

No doubt if market advances continue, receipts may also improve, and we had advices from Minneapolis that sales to-arrive were fairly large. Some of this was supposed to have been farm-stored wheat of high protein, also commanding a big premium; so it was considerably over the loan. We doubt, however, whether there have been any redemptions to speak of in the Southwest, but that situation bears close watching.

The wheat visible decreased 2.6 million bu, total stocks are 164 3/4 million bu vs 71.3 million last year. Here at Chicago there was a decline of 346,000 bu, leaving 6.2 million at this market. All corn increased 1.3 million to a total of 44 million vs 32.8 million last year. Markets were reasonably firm, but considering the continued dry weather, wheat gave just a moderate account of itself, except the March future which gained on all other months. UHLMANN GRAIN CO.

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CHICAGO, 4 March 14, 1950.

Farm employment shows some reduction from a year ago, and the total number of persons now at work is 8,322,000. Chores and the feeding of livestock seem to be principal farm activity over much of the northern part of the country. Wet soils have delayed field work in many other sections, despite the fact that it still remains quite dry over many parts of the winter wheat belt. It will be interesting to note that in 1850, 70% of our domestic population lived on farms; today, only 18% lives on farms, and of course, the great mechanization has made it possible to produce so much more with much less actual labor. It is also a fact that from 1910 to 1950, the output of the American farm worker has increased 121% and the increase during the past twelve years has been 50%. This shows what can be done with all the mechanical devices and machinery that have been provided by human skill and ingenuity. Thus, despite farm supports and relatively high prices, food costs have been kept down pretty well and during 1945 the American people spent $52 billion for retail foods. In the same year we spent $55 billion for taxes, or about $20 more per person than actual food costs. Total farm employment in the U.S. was down 1% from February 1949, and as we have pointed out in these market letters quite often, there are about 5 million fewer persons living on farms now than there were in 1910, when we had 32 million people living on farms, and at that time our population was only 92 million compared with nearly 150 million at the present time.

We doubt whether consideration is ever given to these factors in the parity formula, but for some unknown reason they still take the outmoded computation of what a bushel of wheat or a bushel of beans will buy in comparison with the things that the farmer wants as compared to the base period: first, 1909-14 having been taken as a standard, and later a more prosperous era was used for the calculation, but never was any consideration given to the greater number of bushels of wheat, corn, oats, beans, barley, etc. that could be raised on each acre of land. Some day it is to be hoped that we shall face those realities. When we consider that a hundred years ago four farm families produced their own needs plus enough to support one other family, we can see what great progress has been made. Today, one farm family produces enough for themselves and five others, plus an extra amount for export. On our highly mechanized farms, (the top-producing half) one worker produces enough food products for twenty-two people.

When our market opened this morning, it was influenced by continuation of dry weather, although no moisture had been expected. The prediction was for somewhat higher temperatures but clear skies; likewise the five-day forecast was not too promising with respect to any improvement in the moisture situation. Consequdntly, it was a foregone conclusion that the new-crop futures at least would open firm, and nobody would dare sell very aggressively at this time, as long as wheat prices for the new crop are still far below the probable loan level. There are other factors, of course, in the distribution of wheat, and while there still seems to be a fair amount of No. 3 red wheat available, this cannot be delivered on Chicago contracts, and lately quite a quantity of No. 2 red wheat has been moved out of here. Therefore, it has tightened the March delivery, which in turn has had an influence on May, with the old-crop futures selling at very large premiums over the 1950 wheat.

The Southwestern Miller stated that farm wheat selling in the Southwest remained exceedingly small in face of prices up 15¢ above the 1949 loan level on No 1 hard wheat at the gulf.

Primary receipts of wheat amounted to 890,000 bu, practically the same as last week, and compares with 1,714,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 45,000 bu. Chicago contract stocks of wheat are 3,236,000 bu compared with 3,424,000 bu last week.

Markets were all rather firm, although the best prices were not maintained. Dry weather in the Southwest is naturally more of a factor as time goes on, and we get no relief of importance. March wheat made a new high, but did not increase its premium over the May delivery. The open interest is still large, amounting to 6.8 million bu, with only 8 sessions after today for trading in the pit before termination. The deferred bean futures were quite strong; there was no particular news, but the March delivery was relatively a little weaker, and we now have more than 3 million bu of deliverable beans in this market -- an increase of more than 300,000 bu for the week, this being due largely to shifting of stocks presumably by a processor from private to public store.

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CHICAGO, 4 March 15, 1950.

There were some unexpected rains over many parts of the Southwest, and while it appeared yesterday as though we might have had a few sprinkles, the barometer now has changed to a more favorable reading, and it looks very much as though we might have a continuation of scattered showers tonight over southwestern areas and some of the eastern portions by Thursday. Up to now precipitation has not been very heavy, but reports keep coming in indicating that Kansas and Oklahoma may receive general moisture during this period. The areas reporting are far enough apart to give us a rather hopeful feeling in this regard. Some comments claim that showers now taking place will repair a lot of the damage done by blowing, etc., and we are heartily in accord with this sentiment, although recognize that with the wonderful subsoil moisture that we had last fall, the plant was probably able to withstand more than the usual punishment. It is very seldom that rain comes at just the propitious time. We have had many years when crops were reasonably satisfactory even with some adverse conditions and deterioration. During the past six years, we have naturally become spoiled as moisture was very timely, and this, of course, gave us the big yields for a prolonged period. We must bear in mind that bumper crops are just as unusual as failures; nevertheless, with the improved farming technique, better fertilizer, better seed, and various other improvements, chances are that we are on a higher production scale than ever before.

The only other news was that Europe continued to be interested in our wheat, and we were told that two cargoes of No. 2 hard wheat had been sold yesterday to Holland for June shipment. Also, this morning Norway was inquiring for 20,000 tons hard wheat via the Atlantic, together with some corn. Despite this the change in weather outweighed other factors, and our market opened lower, not only the new-crop futures developing weakness, but even March and May wheat shared in the decline. There is still not much wheat being offered in the Southwest, and while it is true that futures have risen quite rapidly during the past two weeks, premiums have declined; thus there has not been too much added attraction to farmers to liquidate holdings. Once wheat gets into the loan we figure it takes about 16¢ in the way of charges before redemptions become attractive.

There is some talk in Washington that the producer will still get his 90% parity loan next season, but he may not get the additional premium of 7¢ a bu for carrying wheat right on his own farm. Likewise, if grain is placed in a terminal or sub-terminal market, CCC may compel him to pay these elevator charges, and according to our memory this is the manner in which loans were given in milo last fall. Technically the government would still be within its legal rights of giving the producer the full 90% of parity, but at the same time the producer would actually get less money at the time the loan was consummated. According to press dispatches this new scheme has already been approved by Secretary Brannan to eliminate government payments of storage on this year's crops of wheat, flaxseed, and beans. If confirmed it would eliminate the warehouse charges, which usually amount to 10 or 11¢,a bu, and the government would deduct in advance for these storage charges. This is being construed as slightly bearish, particularly on the new-crop futures. Secretary Brannan told the Senate Agricultural Committee last month that CCC expects to have $3,900 million tied up by end of this crop-year. Our failure to consume all the surpluses that are being accumulated is plainly due to unrealistically high support prices, which are not only causing heavy financial losses but prevent alignment of production and consumption, without which the losses will become chronic. Higher prices encourage demands for higher wages, pensions, and social security payments. This is according to one of the large financial houses in the East.

Primary receipts of wheat amounted to 432,000 bu compared with 368,000 last week, and 1,194,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 130,000 bu.

Considering the unexpected change in weather markets held reasonably well. Some traders doubt the extent to which we might get further relief and the state reports which came out today were a little on the pessimistic side, but, of course, were compiled during the period when it was mostly dry and very likely the next week's reports will show some improvement. The milling business was rather poor and there is not much encouragement from that source except that our consumption keeps up at a pretty constant tempo. Corn was inclined to be alittle indifferent but finally firmed on small buying. Beans were strong. Both oil and meal showed great firmness and this lent some encouragement to the speculative trade but we did not see much to indicate improved commercial interest.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 16, 1950

The overnight rains were considered a little disappointing by some owing to the fact that they did not extend into the western sections of Kansas and Oklahoma; nor did they strike the Texas Panhandle, but in a general way we had so much more than had seemed likely a few days ago that there really has been considerable relief which had not been looked for. We would say offhand after making observations for Kansas that with the exception of the southwestern part of the state, there has been some relief in most sections. Central and eastern areas were favored with as much as 1/2 to 3/4 inch rain, and there was also a fair amount of precipitation over parts of Missouri and east of the Mississippi river. Generally speaking, no more moisture is looked for for the next thirty-six hours, and temperatures will probably rise. A weather report from Dodge City, Kansas, stated that the slow, soaking rains moved without warning Wednesday morning into the middle third of Kansas, producing as much as 2/3 inch precipitation at some points and producing a normal spring break in the dry spell. Showers which lasted throughout the day fell in the region where rain was most needed and they enumerate a number of counties that had been especially benefited.

All this had some influence on our market this morning, as did also confirmation from Washington that the Department of Agriculture had definitely decided to stop payment of storage charges to farmers for wheat, flaxseed, and soybeans. This had to do with those cereals that came under the government support program. Previously producers had been given 7¢ allowance for grain stored on farms and about 10 to 11¢ was paid by the government on grain stored in commercial warehouees. The change in policy will become effective with the 1950 grain crops and is intended to bring the above cereals in line with corn, milo, and other cereals which had not previously benefited.

Exports of wheat to the end of February are given as 212 million bu, which is about 19 million bu more than the unrevised total for end of January. Total shipments now are some 140 million bu smaller than for the same period a year ago when our clearances were given as 352 million bu. Thus it can be seen that we are going to come far from the government goal in getting as much wheat out of the country as had been hoped for. Late yesterday Germany was admitted to the International Wheat Agreement, and accordingly was assigned an export quota of 67 million bu for wheat. It has not yet been decided which of the exporting countries will be favored under this program, our guess is that we shall probably suffer as the amounts generally speaking are prorated. The Canadian Minister of Agriculture last night recommended to Canadian farmers that they cut their wheat acreage about 3 million and put the land into oats and barley. Thus, there is general recognition that world surpluses will soon become afactor, but by the same token we wonder what assurance Canada has that they are going to be able to export larger quantities of feed grains either to the United States or abroad. Thus far shifting of acreage has ultimately created some difficulty for a grain which had not been in oversupply.

It was reported thathalf a cargo of No. 2 red wheat was sold to the U.K. yesterday from the Atlantic seaboard. It figured 20¢ over May FOB vessel, and this is 1/2¢ cheaper than the previous sale. We figure that if the wheat were shipped from Chicago, freight to the Atlantic of 15 1/4¢, plus 2 3/4¢ fobbing, and charges at Philadelphia would net the Chicago owner 2¢ over if he had to figure no elevation in Chicago, or only 1/2¢ over May for others, or virtually a delivery basis based on the May future and consieiderably out of line with respect to March, which is still holding at a big premium.

Primary receipts of wheat amounted to 885,000 bu compared with 609,000 bu last week and 1,338,000 bu last year. Kansas City and Minneapolis stocks so far this week showed a total decrease of 199,000 bu.

After some hesitancy at the opening and a few minutes later, there was considerable strength; this developed in all pits. In fact, corn, which has been somewhat reluctant in responding to the heavy feeding, finally scored good gains and prices were the highest in months, with the July future not far from the best price of the season. Crop conditions for wheat in Texas are still uncertain. It is questionable whether free supplies are at all heavy, and there would probably have to be an advance of 2 to 3¢ a bu before redemptions could take place. Beans wer. strong; CCC purchased nearly 100,000 bu at Kansas City, but in addition to this many people are figuring on tightness of supplies later on. Thisis being discounted with purchases of the July future, which likewise scored good gains and influenced other deliveries.

UHLMANN GRAIN CO.

CHICAGO, [illegible]

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DAILY MARKET LETTER

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CHICAGO, 4 March 17, 1950.

There was nothing in the way of overnight moisture, and although the official forecasts suggest some showers for central and eastern sections of Oklahoma and Kansas, our own weather man is not too optimistic as to the outcome. The five-day outlook is a little more optimistic, although the western sections that need relief the most will probably get only 1/4 inch rain and from central to eastern sections 1/2 to 3/4 inch, with probably something further by Monday or Tuesday. These long-time forecasts by the very nature of uncertainties are merely called an outlook, and have not proved satisfactory over a period of time; yet it is the best we can get under scientific studies.

Trade viewed these conditions with some indifference but shortly after the opening, there was a report that 25,000 tons red wheat had been sold via the gulf which would mean almost a million bushels, and could involve also some shipments from Chicago, which, of course, might reduce stocks in this market, which are already down to a lower level. This created quite a spurt in the market for a time and May wheat advanced its premium over the new-crop futures. At about the same time some export sales were reported in corn, Norway having taken one cargo and two for Holland, which apparently also necessitated lifting of hedges in the pit. This carried two of the corn futures into new high ground for the season. The combination of circumstances lent strength to other cereals, particularly since there is not much wheat being redeemed Southwest. As we have pointed out, premiums seem to decline in many cases as fast as futures advance; therefore, the attraction to the farmer is no greater to part with his grain. Of course, everyone has known for some time that as we get nearer delivery time in May, cash and futures would have to sell closer together, and even though the carryover will be very large, it will not do much good as far as commercial interests are concerned, unless sufficient quantities are in private hands. Probably Northwest conditions are more in line for redemptions than elsewhere, as the high protein wheat is bringing a big enough premium to create a high level, and one that permits sales on the market rather than final defaults. Otherwise, there was nothing very new in the general situation, and markets became a little quieter after the earl y sharp advance, but there was considerable profit-taking.

In looking over some figures we find that during the base period, 1909-14, average wheat yields in this country were 14.2 bu per acre and in corn 26 bu per acre, while during the past ten years with improved fertilizers and mechanical devices, our wheat yield has averaged 16.6 bu to the acre, and in corn the improvement has been even more marked owing to the fact that hybrid seed is so extensively used. Even taking into account some very poor years, the average for the same period was 31.4 bu per acre, or an improvement of more than 5 bu per acre. Yet parity is still computed on basis of bushels and not in terms of actual returns to the farmer on his unit of land. We point this out again in an effort to show how fallacious the parity formula is, but presume that the first time we have failure crops in this country, it will be pointed out in an effort to give the farmer a more favorable return on his investment.

Primary receipts of wheat amounted to 699,000 bu; this compared with 444,000 bu last week, and 1,436,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 190,000 bu. When the wheat visible supply is posted on Monday it will compare with an increase last year of 2,457,000 bu.

Late in the session it was announced that the sale of red wheat was not via the gulf, but that shipments would be made from Baltimore and Philadelphia for first half April. This caused a change of heart on part of some who bought early, and we had some profit-taking, although markets did not yield much ground, and probably until we get some pretty fair relief by way of moisture, those who are inclined to be bearish may not press their positions.

Corn also reacted to some extent from the high prices made early, while in beans there was considerable spreading between various trading months. At one time the November future advanced 4¢ from the low on moderate buying, but trade in that delivery is so light that fair-sized orders have more than the usual influence. The whole market, however, recovered from the early break, and with meal and oil prices holding rather firmly there is apparently a friendly sentiment to that cereal.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

March 20, 1950

Supporting the price of potatoes has been one of the most troublesome of all commodity operations under mandatory price support legislation. From the 1943 through 1948 crops, it cost the government slightly over $400 million and, when the 1949 crop operations are completed, the total bill will add up to about $500 million. The 1948 crop alone accounted for $224 million. This is not our statement but rather that of Secretary Brannan, who recently appeared before a sub-committee in the Senate. What he pointed out with respect to potatoes might have been equally true of wheat, had it not been for the fact that we were so generous in giving away millions of bushels during the past few years. Despite these efforts our carryover reserves have grown, larger quantities have gone into the loan, and the government finally had to resort to acreage allocations, insisting on farmers cutting down their production.

When our market opened this morning it was influenced by reports from the Southwest that rains had not been complete and Texas is still unrelieved, while certain sections of western Oklahoma and western Kansas did not receive as much as had been expected. Nevertheless, we had optimistic reports from Salina, which stated: "We had from 1/2 to 1 inch moisture the past few days all through this territory, which was very beneficial and relieved the situation for the time being." Also a report from Dodge City, as follows: " Traveled about 300 miles yesterday. Snow early yesterday A.M. Looked from 1 to 3 inches Northwest, 1/2 to 2 inches Southwest and back to Dodge City. Most snow melted during the day but the little moisture we got was a big help especially west and southwest of here." Hutchinson wired: "About 450 mile trip through southeastern Kansas over week-end showed plenty of moisture from Hutchinson through east of Coffeyville and south on Oklahoma line. Fields looked very good from the car and in conversation with few farmers they look for a good crop of everything." Some fairly good moisture in the form of rain or snow did actually occur over portions of Nebraska, Kansas, and Oklahoma, although it was again heaviest in central and eastern portions. As for the future, showers are expected late tonight or Tuesday, mostly in the central and east portions of Nebraska, Kansas, and Oklahoma, but chances are that it will again be mostly fair over Texas, and thus that state has fared badly during the past few months.

July wheat opened as much as 1¢ a bu higher, while the nearby deliveries lagged, but it was not long before readjustments occurred and spreads returned to the same status they had held on Saturday. Trade was rather light, and there was not much feature to the market, although many in the trade believe that even with the large carryover it will not expend its force unless there are heavier redemptions than we have had up to the present time.

Last week's wheat and flour sales under IWA brought our total to 87 1/2 million bu, which still leaves 81 million bu to be sold to take care of our entire quota of 168 million bu. Canada has about 49 million bu still to sell, having sold 155 million bu, but Australia has less than 8 million bu still to sell, and their sales up to the present time amount to 72 1/2 million bu. Summing this up, all countries have 138 million bu remaining unsold of the 456 million bu arranged for under the Pact.

When the visible supply of wheat was posted there was a decrease of 2 3/4 million bu, total stocks in all positions are 162 million bu compared to 95.8 million last year when Enid was not included. The corn visible increased 150,000 bu to a total of 44 1/4 million compared with 28.4 million a year ago. Oats decreased 655,000 bu. At Chicago our wheat stocks went down 1/4 million bu, now totaling 6 million bu. Corn increased 914,000 bu to a total of 7.4 million bu; oats decreased 190,000 bu leaving 690,000 bu in this market.

All markets turned very strong after mid-session. There was nothing special in the news except what we have recorded earlier. The House Foreign Affairs Committee voted to cut $1 billion cash from the 1951 ECA program, but it substituted the equivalent amount of surplus farm commodities in its place. Soybeans, with the exception of the November future, made new highs on considerable buying and short covering. Meal was higher. This finally had its influence on other grains. Corn followed a little reluctantly, but finally went into new high ground, while wheat futures showed rather rapid advances, and according to the Southwestern Miller an eastern chain buyer bought sizeable quantities of flour in the Southwest for April loading. There was also other scattered business of an improved nature. With so little pressure in any of the market gains were attained without too large buying volume.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 21, 1950

After the close of the market yesterday, the government gave us some interesting figures on farmers' probable intentions to plant. Of course, these are always subject to variation, depending on labor, moisture, price, etc., at the time that grain is actually sown, but at least it is a fair indication of what we may expect. Spring wheat sowings will probably be one-eighth less than last year, with 19,727,000 acres to be sown, but yet this is 9% more than the ten-year average in the years 1939-48. If we add to this the winter wheat figures we shall have a total wheat acreage of 72,750,000 acres, or about 14% less than the previous year, but still 10% above the 1939-48 average of 66 million acres. In corn, prospects are for the smallest acreage in fifty years, and the government has indicated that 82.7 million acres will be sown, or 6% less than last season; still the reduction is somewhat smaller than had been expected. Average acreage for corn was 89.8 million acres, and it is thought that for the 1950 season, we may raise about 2,800 million bu under normal conditions. The government has finally admitted that high prices and large acreages are a contradiction, and while under supply and demand conditions, the change is brought about automatically, now it is almost a compulsory measure, particularly with surpluses that have been built up in all fields under the administration's support programs.

If anyone is sufficiently interested to study the accumulations, he should look at the Congressional Record for January 31st when the various products in storage were listed. The items are far too numerous for a letter of this kind, but we note, for example, that there are 247 million lbs peanuts tucked away, together with 391 million lbs of rosin, over a billion lbs of potatoes, together with a smaller quantity of potato starch, 57 million lbs dried fruits, 274 million lbs milk, 5 million gallons turpentine, and so on down the line, accounting for about $4 billion worth of produce. There are various articles on which deterioration is naturally a factor; there are others for which the demand is not too brisk. But all in all, it is costing the taxpayer about $23,000 each hour of the day and night to take care of the storage of this conglomeration of produce, which has been accumulated in an effort to hold the price level. There are millions of pounds of cheese, butter, linseed oil, likewise tobacco, and many other agricultural items in this over-all category, and the storage amounts to about $200 million a year. Therefore, it is no wonder that many people are questioning how long we can continue on this road. We have not listed, of course, the major items of wheat, cotton, corn, and other grains, which are only too well known to most readers of these letters.

Another interesting item in the government report was that the soybean acreage would be increased to 13.5 million acres, or 118.3% of last year's plantings. The oat acreage will also be increased; consequently, it is quite obvious that farmers had shown a desire to keep their land cultivated, and yesterday's crop report stated that the increase in the total of seventeen crops is estimated at 277.9 million acres for 1950 compared with 274.2 million last season. This is more than offset by the large declines in winter wheat. Declines in acreages are large for corn and spring wheat, small for peanuts, dry beans, rice, potatoes, and tobacco, all of which will have acreage allotments. Other declines are planned in flax and dry beans. More than offsetting these declines are intended increases in oats, barley, soybeans, sorghums, hay, sugar beets, sweet potatoes, and cow peas. Soil moisture is satisfactory except in the southern Great Plains.

Primary receipts of wheat amounted to 1,059,000 bu as compared with 890,000 bu last week, and 2,036,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 823,000 bu. Chicago contract stocks are just under 3 million bu, including nearly 2 million bu of #2 red wheat; this compares with 3,236,000 bu contract stocks last week.

Our markets were very strong early, May wheat made a season's high, but there was considerable profit-taking. Corn after making new highs yesterday was subjected to considerable selling by commission houses; on yesterday's advance it seems country offerings had picked up quite a bit.

Beans having had a very considerable advance were also vulnerable to the selling. The market at times was quite weak, but yet orderly. Increases in acreage for next year suggests that we may have a record crop, but thus far we have always found that there has been sufficient demand to take care of whatever was produced. Now that the oleo tax has been made more favorable there could easily be added consumption at home.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 22, 1950

There was no special grain news overnight except that there was improvement in export circles, with several cargoes of corn worked, also some wheat, which necessitated the removal of hedges in the pit. But apparently this was not difficult as the carryover feeling from yesterday was just a little bearish owing to the fact that markets had reacted sharply, particularly corn. It seems that on the advance offerings from the country pick up; yet there has been no appreciable pressure but the government is holding large stocks, and we heard this morning that they were willing to sell some of their damaged corn for export from Baltimore. Estimates ran as high as a million bushels although it would probably comprise sample grade or No. 5 corn; yet for feeding purposes this would be satisfactory and naturally might tend to restrain other purchases of better quality grain.

Broomhall's crop summary is quite favorable for most of the European Continent. There is very little information coming out of Russia or the satellite countries. However, the U. K. claims favorable progress and spring seeding is more active. Of greater importance, of course, is France, where an increased acreage has been planted and winter wheat is claimed to be in excellent condition. According to the Minister of Agriculture, the production goal for wheat in 1952 is 350 million bu, of which 55 million would be set aside for export, and it is also claimed that 22 million of the 1949 crop will be shipped out. Spring sowing is progressing well in Germany, although there have been a few complaints and the condition is not up to that of last year. The Italian crop is making fine progress in most sections. Winter wheat came through with very small loss and spring planting is now general.

Here at home we are still having dry weather in certain sections that have been unrelieved, this being true mainly of Texas and the Oklahoma Panhandle. While Texas is undoubtedly the worst of any of the winter wheat states, there are also some bad reports this morning from Oklahoma; in fact, the Enid paper this morning carried a column that surface soil moisture had declined in the western half of the state during the past week, with some wind erosion in certain areas, and generally speaking, there has been deterioration. However, we must still realize that it is early and the complaints now being heard are more pronounced, as so many comparisons are being made with the last five or six years when generally satisfactory moisture conditions prevailed. As we go father North into Kansas, the outlook is still quite good, and while there are dry areas in western sections, they have been benefited more than their southern neighbors. As for Nebraska, winter wheat is greening up in spots, although progress up to now has been slow. Apparently temperatures have been too low for rapid growth except for the three days preceding the March 7th storm. Even there, however, the crop is said to require more surface moisture and warmer weather. Most reports, however, claim that wheat is in good shape but further precipitation will be needed.

Primary receipts of wheat amounted to 494,000 bu compared with 432,000 bu last week and 743,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 6,000 bu.

Trade was rather moderate but picked up a little toward the last and we believe in wheat longs in March showed a little more inclination to even up. Of course, there is only one more day before termination of contracts in the pit; after that it will have to be done through delivery. Late in the session, the Kansas Weekly Crop Report was issued claiming rain and snow during the week which improved the condition of the plant over most of the state. Wheat is beginning to grow nicely in south central and southeastern counties but elsewhere progress was retarded by low temperatures. Central counties which experienced severe soil blowing in early March received much needed moisture during the week. Southwestern counties received only a very light cover of snow and are, therefore, in urgent need of more moisture. Best pricesof the day were not maintained. There seemed to be some profit taking in all pits. Beans seemed to recover quite well from reactions and chances are that even with a big crop we shall have only a moderate carryover so that finally this cereal might work into a very strong position.

The government has claimed that it is now possible to control green bugs in small grains by using a chemical called "Parathion." It may be applied either from airplanes or ground equipment and is found to give excellent control. Spraying of this chemical should prove of immense benefit to science.

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CHICAGO, 4

March 23, 1950

The main news still is the weather which is unsatisfactory in Texas, also, in the western sections of Oklahoma and to a lesser extent in western Kansas. Unfortunately there is not much relief in sight, and as far as Texas is concerned the season is getting late, so at best we may only expect a short crop, particularly with the decrease in acreage that has occurred in comparison with last year. Texas has become important because at the peak the acreage of about 7 1/2 million was almost equal to that of Oklahoma, and they have had crops of 100 million bu or more, which is certainly large when we consider that the domestic consumption of wheat for bread and cereals is only about 500 million bu. Furthermore, Texas, being adjacent to the ports of shipment, has been an important factor in furnishing a considerable quantity of grain that was sent to Europe during the past few years. Any sharp reductions will naturally be important for the two reasons just mentioned. Likewise if Oklahoma falls down, it will mean that our gulf shipments will have to come from more northerly districts, and this undoubtedly will have some influence on premiums because of the higher freight rates necessary to carry grain to ports.

Actually our wheat and flour shipments are falling down considerably, and even though much of it is going to Europe, and to Asia, either under ECA or through subsidy, we have only shipped 220 million bu, including the 5 million bu shipped last week. This comprises everything since July 1st, leaving fifteen weeks yet before the season ends. Should we continue at about the same rate, there will be an additional 75 million bu wheat and flour cleared, making the total for the twelve-month period less than 300 million bu compared with the government estimate and last goal of 375 million bu. Since the beginning of the world crop year, which was August 1st, the principal exporting countries have shipped 450 million bu wheat compared with 565 million bu a year ago. Thus it shows that with better crops in Europe the demand has fallen off, although our shipments have suffered the most, having accounted for only 189 million bu vs. 313 million bu last year same period. Canada has furnished 137 million bu, an increase of 7 million over the year before. Australian shipments are about the same while those from Argentina are about 11 million bu greater. Russia has not been important in either year, having shipped 7 million bu in the current season against 15 million last.

When our market opened it was rather indifferent, and without further export business reported, futures were slightly lower, with the exception of the March delivery, which had been depressed yesterday and which opened somewhat higher. Up to the present time there have hardly been any deliveries in wheat and the open interest at the opening was still 3 1/2 million bu, indicating that there would be a rather large trade in order to satisfy both longs and shorts, as there did not seem to be enough wheat here in this market for delivery purposes if all the longs stood for tender. Moreover, there is not much chance of getting a lot of grain here during the balance of the month, and thus one had to count on longs liquidating on a rather heavy scale in order to take care of short commitments.

Some light showers were reported overnight in the Northwest and there has been considerable rainfall over the corn belt, but it was fair in the winter wheat belt. Temperatures had risen slightly and are now close to normal. There is some chance for local showers in central and eastern portions of Nebraska, Kansas, and Oklahoma tonight the the outlook for Texas is still fair and thus no relief seems to be in sight.

Primary receipts of wheat amounted to 694,000 bu compared with 885,000 bu last week, and 1,331,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 403,000 bu.

Trade was very active in the latter part of the session, with the evening up of March contracts before expiration. There was not very much news, except weather, and some dust storms reported over the dry areas. Bookings of corn were light, and the spot premium was pretty well maintained. Chicago corn-hog ratio the past week was 12.5, but unchanged from last week and compares with 15.5 last year.

We had a rather wide range as far as prices were concerned. However, there seemed to be some buying of beans on breaks, and it is generally felt that we are gradually eating into our accumulations, and that therefore the situation later on may become rather tight.

The House Rules Committee today cleared the $3.3 billion Foreign Aid Bill, and Floor action will come next. The measure includes $1,950 million in new authorization for ECA, and another $1 billion of CCC money for handling of surplus commodities, as well as authorization to use next year $150 million of this year's funds, which will not be committed by June 30th. Chances are the vote will come up sometime early next week.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 24, 1950.

After the close of the market yesterday, a number of brokers commented that it was difficult to see where anything like 3 1/2 million bu March wheat had been traded in the pit. Apparently they were correct owing to the fact that one of our largest elevator houses had stood for delivery, and it appears as though they have taken about 700,000 bu thus far. Chances are that the deliveries will be quite heavy as there are still 1 1/2 million bu open before tender, according to the government sheet. It had not been thought that those holding cash wheat were going to liquidate so much of it in the pit, but possibly they had some difficulties in merchandising red wheat, and the main outlet recently has been to Europe, although it costs quite a little money to get wheat from Chicago to the seaboard. When it is taken out of other people's elevators the elevation is 1 1/2¢ plus 15 1/4¢ freight, plus 2 3/4¢ fobbing at Philadelphia or Baltimore. In any case some wheat is being ordered out of Chicago elevators, presumably taken on recent deliveries, and this naturally brings up the question as to how much grain will be held here in May when we have to give further thought to next deliveries. By that time there may be heavy defaults on loans unless the price advances sharply, and nobody can tell what government competition there may be once they come into possession of more wheat. Anybody who is long here in Chicago is naturally faced with certain artificial factors. Also, the element of time is against him because cash wheat is selling well over the May price, and if wheat were carried further along there is another big drop-off to July. For that reason nobody can afford to hold cash wheat too long even if there were assurance that the market might finally advance, and this, of course, is possible if we get continuation of dry weather and smaller crops next summer.

There was nothing in the overnight news to indicate any rains of importance; in fact, even the eastern sections failed to get relief, which had been forecast, and the weather map now suggests mild temperatures and clear skies. The five-day outlook is hardly more optimistic, with seasonal temperatures likely for Texas and no precipitation. A little rain might occur in other sections but chances are not great, although we have often seen that the five-day forecasts have not proved too successful; therefore, one can only await developments.

When our market opened this morning, it was naturally influenced by dry weather reports and dust storms that had been current late yesterday, and the new crop futures seemed to gain considerably on the May delivery. We have no way of telling how much of the wheat presently in Chicago is going to be ordered out, but the argument has been used that some of the wheat East of here is low in test-weight and that it requires a better grade of wheat to build up quality. It is also our understanding that foreigners are loathe to take No. 3 red wheat even at a 5¢ discount. In any case domestic demand for red wheat is not too keen, but we presume that at a price Europe would probably be induced to take further quantities, although of late the demand has fallen off, and we have not heard of any cargo business recently transacted. All this makes for greater uncertainty between May and July, and we are asked often how we view this spread, but, of course, much will depend on the demand for red wheat and the amounts that are still in Chicago one month hence.

Primary receipts of wheat amounted to 784,000 bu compared with 699,000 bu last week and 1,360,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 101,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last year of nearly 1 1/2 million bu.

Trade was quite active and the main incentives were dry weather in the Southwest with not much chance for any immediate improvement. Also, the trade was influenced by the fact that the wheat tenders were being taken largely by an elevator and export house and it was felt that going into strong hands possibly this would be a bullish influence on ourmarket, but in any event there was further investment buying and some short covering. Beans had a very sharp recovery following yesterday's reaction. There was no special news except sentiment seems to be favoring the long side on the possibility that there may be tightness later on as we continue to eat into our accumulations. Quite a little buying came into the deferred months, but all futures were strong. Corn likewise was influenced by higher prices in wheat and in beans and bookings from the country were light. Therefore, this cereal scored a good upturn, meeting very little opposition.

UHLMANN GRAIN CO.

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CHICAGO, 4

March 27, 1950

Most of the news over the week-end was the weather. Both radio and press dispatches told of the high winds which were blowing over much of the winter wheat areas, and apparently dust storms were prevalent in the Texas Panhandle, many parts of Oklahoma, and extended into Kansas, with wind velocity as much as 45 to 60 miles per hour. Naturally this was the most important factor in the grain market this morning, at least at the opening. There had been some predictions for moisture in eastern and central sections of Oklahoma and Kansas. This, however, failed to develop and the recent forecasts have been very bad, indeed. It is a little difficult to understand how it could stay so dry in those areas when we were having all the moisture here, but, nevertheless, about the only place that received any relief at all was Amarillo, where there had been a light trace of snow and rain, while a shower was also reported at Hooker, Oklahoma. In the main it looks very much as though we would have a continuation of the dry spell but possibly winds diminishing.

The result was that all new-crop futures went into new high ground, and the spread between May wheat and the later deliveries narrowed considerably, as May was more influenced by additional tenders on contract, and practically 1 1/2 million bu has now come into the hands of one elevator and export house, as near as we can tell.

In recent letters we have pointed out great changes that have taken place in farming conditions of this country. We gave statistics which showed that with our highly mechanized farms on the best producing land one worker was able to furnish enough food products for 22 people. We have some more data now which would indicate that agriculture has largely become big business, and while it is true, according to the U.S.A. Census Bureau that there are 6 million farms in this country, we find that 500,000 of these farms are under 10 acres. Furthermore, that on 1,450,000 of the farms there were no horses, mules, or tractors, and that 637,000 more had only one horse or mule. In addition to that actually 1,130,000 of our farmers worked 100 days or more off the farm and that 874,000 worked 200 days or more off the farm. Apparently there is quite a high percentage of the people who are classed as farmers who seem to be earning a good deal of their living away from the farm. According to this agricultural authority to whom we are indebted for his research work, half the farmers in this country have produced 90% of the total farm income; one-third of all the farmers in this country have produced 80% of the total income. Thus it can be seen that if these figures are correct, we are paying a good many farmers who are probably not too efficient while at the same time pouring out money to the few who could probably make a go of it and be successful without government support at all.

While the outlook for winter wheat is not optimistic here at home, we find that Europe is apparently progressing well and according to an official report covering conditions in France up to March 1st, subsoil moisture was the best in many years and the condition of winter wheat is 75% of normal compared with only 69% a year ago. That country is important since it might be a potential exporter later on, and in any case, France no longer appears in the import column. Probably of greater importance is that if conditions in France are so favorable it must likewise extend to surrounding countries as well.

When the visible supply of wheat was posted, there was a decrease of nearly 1 1/2 million bu. Total stocks are 160.4 million compared with 97.3 million last year; at that time Enid was not included. Corn increased 184,000 bu, total stocks amounting to 44.4 million, or 18.6 million more than last year. Oats showed a decrease of 366,000 bu, total stocks are 11.1 million vs. 7.8 million last season. The Chicago wheat stocks decreased 169,000 bu, leaving 5.8 million bu here. Corn increased possibly due to CCC accumulations.

Markets were all very strong but beans came into the limelight shortly after mid-session when the May and July futures went up the full permissible limit of 10¢ per bu and stayed there for a matter of seconds, although selling orders came in and finally reactions took place. During this period even the new crop months were influenced and there was considerable buying with crop highs made all along the line. Corn was fairly strong, but, of course, did not go up anywhere near as much as wheat or beans, although made new highs. The cash basis was firm but apparently there is no great incentive right now for making new purchases. In wheat, heavy short covering in July, September, and December was the main feature but there was also some buying of new-crop months against sales of May, UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 March 28, 1950

Overnight weather showed no improvement, insofar as southwestern conditions were concerned, except that winds had diminished, and chances are that for the next wenty-four hours there will be less blowing and probably less dust than heretofore. However, there was practically no rain, and clear skies may continue for the next day or so, with the five-day forecast indicating only small amounts of rain here and there; so for the time being at least there is no general relief in sight.

The price has advanced to a point at which new-crop futures are not very far now from the probable loan, and naturally we have to use a lower figure because next season the farmer will have to prepay storage charges, and, therefore, the net return to him will be 10 to 12¢ less than in previous years. This, of course, refers to wheat; on some of the other grains the storage had never been allowed on past occasions. Another factor consisted of redemptions which are taking place, and in Texas, with the price at about $2.50, FOB vessel, or about similar price for domesti grain, making allowance for freight, there is a chance for the farmer to pay off loans and take a little profit. The gulf loan was $2.31, and with approximately 16¢ charges, this about works out in a way that farmers profit slightly by obtaining present market values for their grain.

Canada outside of her wheat exports has not had a very satisfactory year in shipping rye, oats, and barley abroad. Even with devaluation their overseas shipments have been very light. It is true that Canada has cleared nearly 8 million bu rye but with the exception of about 680,000 bu that went abroad, the balance came mostly to this country, with the result that we piled up accumulations and our price has suffered to the extent that May rye and May wheat showed a differential of about 94¢ a bu, certainly tremendous considering that both these cereals are bread grains. Of course, wheat exports under ECA carry the subsidy. As for oats, Canada has shipped 16.4 million bu for export, of which 13 1/2 million bu went to the U. S. They shipped 11.6 million bu barley, of which 10 1/2 million was destined to the U. S. Thus we have really afforded Canada her best market for these grains even when we had big surpluses. Besides that we furnished ECA funds with which England could make her wheat purchases in Canada. It might be interesting to read what Mr. Georg McIvor, Chief Commissioner for the Canadian Wheat Board, has just said in advising Canadian farmers: "The Board therefore is appealing to producers to deliver their remaining surpluses of wheat, oats, and barley just as soon as road conditions permit. I would like to say a special word in regard to oats and barley. Excellent markets exist for these grains now. They can be sold at attractive prices. The time to sell grain -- or any other produce -- is when there is a good demand and whe prices are attractive. Therefore the Board urges prompt delivery of these grains by producers." This appears to be good advice on part of a person connected with a Federal Agency, as he realizes full well what happened during the period when Canada accumulated surpluses, thus creating artificial situations at home.

Primary receipts of wheat amounted to 1,092,000 bu, just a little more than last week, and this compared with 1,898,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 5,000 bu. Contract wheat stocks in Chicago are 2.9 million bu, very little changed from a week ago, although a slight decrease. Contract stocks of corn are 5.4 million bu vs 5 million bu a week earlier.

Trade was not particularly active and there was not near the excitement in soybeans, with apparently some profit-taking and commission house selling in the deferred months as they advanced. President Peron of Argentina would like to see 17 million acres sown to wheat, which would be the largest acreage since 1941, when 18 million acres were sown. In recent years the acreage has been as low as 13.5 million acres. Broomhall has reported full swing operations in Europe, with favorable soil conditions in most countries, and spring plantings equal or probably exceeding last year's. Winter crops have come through in fine condition, with little damage. Comment is especially optimistic in France and Italy, where moisture is ample. Here at home milling demand is very slow, and there is no sign for immediate improvement. Likewise export demand is poor. All of this has caused a little further narrowing of the spread between May and July. Corn was strong but with little feature.

UHLMANN GRAIN CO.

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DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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WINNIPEG GRAIN EXCHANGE
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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 29, 1950.

We had the same kind of weather map again this morning. Temperatures were somewhat lower; apparently in many sections growth has been retarded, which is at least satisfactory during the period that we are getting no moisture. On the other hand, there are isolated areas that are complaining quite badly, and the government estimate given on winter wheat last December will probably have to be revised downward. But it is too early yet to have any very definite thoughts on that subject. At the same time there must be some redemptions taking place, although the government has not given any figures; therefore, it is mostly guesswork. Still we are apt to have more than 425 million bu old wheat carried over, and with the fine reports we are getting from Europe, the demand next season may be considerably less; consequently, even a smaller crop is not particularly bullish at this time except by comparison.

When our market opened this morning, there was a better flour demand and apparently business had been done overnight, which took hedges not only out of the Chicago pit, but there was buying as well at Kansas City and Minneapolis. Nevertheless, the new-crop months were again the strongest, and the main influence continues to be weather, with at least no sign of improvement during the next thirty-six hours. It is our opinion that while only a moderate foreign demand for wheat may exist during the next few years, feed grains may be wanted fully to the extent that we are exporting now, and possibly even more, as Europe gradually builds up its animal population. World hog numbers have shown the largest postwar gain and at the beginning of 1950 are estimated by the Office of Foreign Agricultural Relations at 279,400,000 head compared with 262 million a year earlier; in other words, an increase of 7%, and this places current numbers only 4% below the 1936-40 average. Almost all the European countries except Italy and Spain have substantially increased their hog population during the past year, reflecting for the most part a greatly improved feed situation. Denmark, which is the principal exporter of bacon, increased hog numbers by 60%, while The Netherlands increased its numbers by 55%, and Belgium made a sizeable gain of 26%. All three of these countries have more hogs than in prewar years. In the U. K. there was an increase of about 30% during the past year, while Germany showed an increase of 38%, and is now back to two-thirds of the prewar level. France, Sweden, and Switzerland are approaching prewar numbers, while Norway is slightly in excess.

Not much is heard of the Brannan Plan at the moment, although we believe politically this will come to the foreground before long, and, of course, it has a great appeal from point of view that the farmer would have pretty much of a guarantee through subsidies, while certainly consumers could expect to buy farm products at much lower prices than now, while marketwise it would permit the laws of supply and demand to govern price levels. Nobody would be hurt except the taxpayer, and up to the present time it is difficult to say to what extent that might occur. As one prominent writer recently states: "Whatever the motives behind a government-dominated economy, it can have but one result, a loss of individual liberty in thought, speech, and actinn.... But we shall not keep our Constitution, our freedom, nor our free elections, if we let our government slide gradually into the hands of economic planners who bribe one class of men after another with a state-administered dole."

Primary receipts of wheat today were very light, and amonnted to only 273,000 bu compared with 494,000 bu last week and 402,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 45,000 bu.

Markets were quite active and there was no indication early that such a sharp break was going to occur during the last half hour of trade. However, apparently there was not nearly the buying power to take care of the liquidation when it came; stop loss orders were uncovered, and there was general commission-house selling in all pits. We understand that with the recent high price for beans, a good many farmers in Illinois are inclined to comply with acreage allotments in corn and will transfer their energies to beans.

The open interest in beans is still very large, 63.5 million bu, and apparently today's selling could not easily be absorbed until the price dropped the full permissible 10¢ limit. As far as we can tell there was no particular news to account for the general selling but apparently it was necessary to improve the technical position of the market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 30, 1950

It was difficult to account for the sharp break in various cereals yesterday, except that the trade was nervous, upturns had been sharp, new crop futures had come close to the probable loan figures, and apparently when liquidating orders and stop-loss orders came into the pit, new buyers could not immediately be found. Much of the uncertainty, of course, is due to governmental policies and the fact that the trade is no longer fully informed promptly on conditions that are so necessary. For example, wheat loans could be taken only to the end of January, and it was not until late yesterday that we learned how much had actually been impounded, the quantity being 378.5 million bu, or more than had been previously estimated. Since that time there have undoubtedly been some redemptions, and we do not know those yet, although we have made some inquiries of the Department to see if we could not get these figures, because much will depend on the amount of free wheat in our carry-over next July. Formerly, there was not so much guesswork, and after the crops were made and we knew how much had been carried over from the previous year, we had a total supply figure which was available to the market, provided the farmer sold his grain. Then one had only to try to figure out what our shipments might amount to. But now with additional grants being given continually to ECA countries, nobody can be sure what the totals will be. In fact, the government itself is terribly confused; they gave a recent figure of 375 million bu for wheat and flour shipments, and we have seen no change in this goal, but up to the present time clearances have amounted to only 224 million bu since July 1st. Last week we shipped only 3.7 million bu. Should our exports average 5 million bu for the next fourteen weeks, total clearances would amount to only 294 million bu, and if there should be a smaller business of, say, 4 million bu a week, we would export only 280 million bu, all of which explains the fact that there is so much difference of opinion as to what the old-crop is worth in relation to new wheat.

The spread has been narrowing to some extent, although is probably the same now as it was a month ago, and unless further redemptions are heavy, there is no assurance that May and July wheat may sell within a few cents of each other. Furthermore, if our government grants subsidies to a country like Portugal, which might take red wheat, it would have quite a bearing on our market, particularly as there is less than 2 million bu No. 2 red wheat in Chicago. It is our understanding that the type of soft wheat in the East is not too desirable for importers who apparently are loathe to take the No. 3 red wheat even at a substantial discount.

After the close yesterday parity prices were announced for March, and there was a slight increase, which in wheat amounted to 1¢ a bu. The rise in the index resulted from widespread, but mostly small, price increases in several commodity groups bought both for living and production by farm families. Present wheat parity on the farm is $2.14 a bu and for corn $1.55, which is the same as the previous month.

Primary receipts of wheat were a little better, and amounted to 617,000 bu, compared with 694,000 bu last week, and 926,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 59,000 bu.

During the early part of the session there had been some fair recoveries, the market was much more stable, but apparently enough happened yesterday to create a good deal of nervousness, and during the last hour fluctuations in beans were very rapid. There was a break of 5¢ per bu within a rather short period. Later on the recovery was just as marked, indicating tension on part of those who had a position, and possibly there was more evening up than yesterday, as we notice from the open interest net changes at that time were not great. When the bean market became weak it naturally affected wheat and other cereals, although to a lesser extent. All grains showed good recoveries.

There was quite a little talk about the Republican counter proposal on agricultural legislation covering non-perishable crops; full parity under this plan would be offered for certain items, and no attempts would be made to hold down production unless supply exceeded 150% of predicted requirements for the next year, but we doubt whether this news had any market influence.

Rye seemed to do much better, and there is talk that larger exports may be made to Germany, but with the big carrying charges in this cereal, and still large stocks in Chicago, there is not too much outside interest.

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CHICAGO, 4

March 31, 1950

The price support program is so tremendous that the average citizen finds it difficult to comprehend the operations, and it is, indeed, difficult for anyone even in the trade to figure out where we are finally going. According to the President of this gigantic Commodity Credit Corporation, there is more than $4 billion invested in CCC price support program, loans, and inventories, as of February 28th. The Corporation sustained a net realized loss of $109 million in carrying out operations during the current fiscal year through February. The net realized loss on CCC price support operations for the fiscal year ended June 30, 1949, was$254 million. Of course, their loss would really be much greater except for the fact that so much grain and produce is turned over to other agencies for export in which Commodity actually gets a full recovery based on acquisition price. Moreover, we doubt whether their storage charges and maintenance of offices throughout the country is figured in. In one of our earlier market letters, we pointed out that in order to support corn, wheat, cotton, tobacco, etc., not to speak of the scores of other articles, such as edible beans, wool, dried eggs, linseed oil, turpentine, rice, lespedza seed, etc., etc., the storage mounts up at the rate of $23,000 an hour. Nevertheless, it was a foregone conclusion that when Congress passed a law to support basic commodities at 90% of parity and others at high rates, we were bound to build up surpluses and finally accumulations would become so great that we would either have to sustain severe losses, or else curtail acreages in order to prevent overproduction.

Just recently, this country was forced to make the biggest egg sale in the history of the world. Over one-third of USDA's stocks of dried eggs was sold to Great Britain. The sale involved 30 million lbs of the product which had been acquired largely in 1948 and 1949 at $1.26 a lb. The sale price was 22¢ a lb, but actual cost to the British was about 3.1¢. The total transaction involved $7 million of which $3 million came from ECA funds, another $3 million from USDA surplus disposal funds, and $1 million from British funds. As near as we can tell the government held about 85 million lbs of egg powder. The big problem was to get rid of this surplus without pushing down domestic price. Much of the federal legislation, which has been placed on the statute books since 1933 has been designed either to redistribute wealth in some form or another, or else was for the protection of various economic groups in order to stave off a sharp depression, such as we had following World War I. Agriculture has been taken under the protective umbrella of the federal government, but to believe that this has all been done without cost belies every basic rule, not only of economics, but of reason.

When our market opened this morning, it was naturally influenced by the weather, and actually there is no real relief in sight for the Southwest. Even the five-day forecast suggests little more than 1/4 inch rain in certain localities by Mondayor Tuesdayof next week. When we look at the average official precipitation for various southwestern states, the situation looks much more optimistic than it actually is. For example, Oklahoma in the quarter, December to February, had 5.75 inches rain, or 125% of normal, and during the month of February precipitation amounted to 2.18 inches rain, or 149% of normal. Texas moisture was 6.53 inches for the quarter, or 107% of normal, and during February 145% of normal. Kansas did not fare as well and quarterly average precipitation was 1.88 inches, or 73% of normal, and during February 76% of normal. Of course, these figures are somewhat misleading because in calculating rainfall on a state-wide basis, there may be certain areas that benefit while others are completely neglected, and yet it is probably only the dry topsoil which has caused most of our difficulty, and at this time a good soaking rain would not only be welcome but might cause a tremendous change in the outlook.

Primary receipts of wheat amounted to 646,000 bu which compared with 784,000 bu last week and 930,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 50,000 bu. When the visible supply is poste on Monday, it will compare with an increase last year of 238,000 bu.

Trade was moderate although there was fair activity at times but in beans the fluctuations were not as wide as those that we had recently. Government bought som beans at Kansas City. Some weakness occurred at times in wheat but mostly in the May delivery. The deferred months are still influenced by the dry weather but even with this situation the extreme advance did not hold. Flour business is no better and there seems to be general dissatisfaction in the trade over the prevailing volume of both export and domestic sales. Mill operations are reported to be draggy. Corn was strong at times. Premiums are holding well and fair bookings are taking place but when other grains reacted there was some sympathetic selling in this cereal.

DAILY MARKET LETTER

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CHICAGO, April 3, 1950.

April is the proverbial month for showers, and apparently the calendar has worked more satisfactorily than the forecaster. Rains that are being reported are mostly in the central and eastern sections of the winter wheat belt, and some rain and snow has occurred over Nebraska, while there have been showers over some portions of Kansas and OklahomaBut of greater importance is the fact that there will be more precipitation, with showers and thunderstorms likely tonight and Tuesday over Kansas and Oklahoma, probably being heaviest in the eastern portions, with temperatures somewhat lower. Texas does not seem to be in for any great relief, and, therefore, the general market was not too weak, although there was considerable pressure on new-crop futures which suffered the severest loss when we opened this morning.

Trade has not been too bullish even before the rains came, probably for the reason that prices had been close enough to the probable loan, but there was no great incentive to make purchases. Furthermore, with the likely carryover of 425 to 450 million bu even some reductions from the earlier estimate given in the December report would still allow ample supplies, especially with Europe apt to require smaller quantities in the next season. Other countries are furnishing fair amounts, and we find that Argentina shipped 2.8 million bu wheat last week bringing the total to 32 million bu since January 31st compared with only 21 million bu last year. Moreover, Canada has furnished 142 million bu since August 1949, or at an average weekly rate of 4,176,000 bu. Shipments generally taper off seasonally, before navigation opens on the lakes, and it is not likely that they will export on an average of 4 million bu or more for the balance of the season. Even if they should continue, however, at the same rate they have thus far, there would still be a carryover at the end of the crop-year of 112 million bu compared with 102.4 million bu a year ago. During the first part of the session, activity was limited as a good many people were awaiting the President's report on farm legislation and his proposal for a new program that would probably involve certain phases of the Brannan Plan.

A good deal of agitation was stirred up by the recent Congressional amendment to increase cotton and peanut acreages above the former allotment, and many people are becoming concerned now about the accumulations that are bound to take place as the result of artificially high prices. At the same time Mr. Trigg, President of CCC, does not seem to hold this view. In a recent statement before the House Committee on agriculture, he remarked that a desirable annual carryover or reserve of corn would now be from 750 to 1 billion bu, according to best opinions of the Department. He also claimed that a wheat reserve ranging from 350 to 500 million bu is desirable. He called attention to the fact that the carryover of old wheat on July 1st of this year, including CCC stocks, would probably be somewhat over 400 million bu. It was his belief that a cotton carryover of 4 or 5 million bales would probably be regarded as normal, but he did point out that the Department was concerned over the large amount of funds, which must be tied up in carrying out price supports for these basic crops. He said that the surpluses were not to be regarded in the sense that CCC was under pressure to dispose of them in a short period of time or without regard to costs. Thus, it is quite evident that farmers must be called upon to cut acreages, which is no different from the situation we have in normal times, without farm relief. Producers under supply and demand conditions have generally planted less when prices dropped and surpluses accumulated. Thus automatic adjustments took place instead of compulsory compliance. We believe for the first time the latter is beginning to be regarded with some disfavor.

When the visible supply of wheat was posted, there was a decrease of only 302,000 bu. Total stocks in all positions are 160 million bu compared with 97.6 million bu last year. At that time, Enid was not included. Corn stocks increased 344,000 bu to a total of 44 3/4 million compared with just less than 25 million bu last year. Oat stocks were about a stand-off. Here at Chicago wheat stocks decreased 346,000 bu leaving 5 1/2 million bu. Corn increased 296,000 bu to a total of nearly 8 million bu. Rye decreased 73,000 bu giving us a total stock here of 5 1/4 million bu.

Markets were nervous but trade was not too heavy. The President's message was about in line with expectations. During the session further reports of rain and snow continued to come in, including some western sections such as Goodland, Kansas, Garden City and Norton. Broomhall reported that France had sold a cargo of wheat to Finland and that more was for sale. We believe that their shipments now are in excess of the terms under IWA. Beans and corn held quite well considering the weakness in the leading cereal. CCC inquired for soybeans at Atlantic ports.

April 1 - The pressure [illegible]

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Trade has not [illegible]

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 4, 1950

While there was considerable rainfall during the past twenty-four hours, distribution unfortunately was bad, and most of the rains were over the Central States, where precipitation has already been heavier than necessary. But in Oklahoma it was practically negligible except possibly for some of the eastern sections, and there was almost nothing in the Texas Panhandle, although temperatures have fallen in all areas, and thus growth is somewhat retarded. Kansas did relatively well, although moisture was light in the west, but other sections had fair relief and certainly more rains visited those areas than had been indicated from the forecasts given late last week. In any case, with clear weather ahead, the trade assumed a little more bullish attitude toward new-crop futures, which had been liquidated quite thoroughly, and when our market opened this morning, first prices were higher. This in turn had a sympathetic effect on other grains.

CCC has extended its re-sealing program and conditions are substantially the same as they were for the 1948 crop, although now all grains are included, such as wheat, corn, oats, barley, grain sorghums, flax and rye. In order to take advantage of the program producers must notify their County Committees of their intentions by end of April, except for corn, which extends to a period within thirty days of the July 31st deadline. Storage rates for wheat and rye will amount to 10 to 11 1/2¢ a bu, depending on the location. The Department will pay 7¢ on all wheat or flax that is resealed, provided satisfactory storage is furnished and the re-sealing can only be accomplished after a re-inspection in order that eligible requirements are properly met. If any re-sealed loan grain is called, storage will be prorated. Last year there was 91.6 million bu corn re-sealed but only 4 1/2 million bu wheat, 1 1/2 million bu oats, and 2.4 million bu barley. According to the last figures, there was less than 10 million bu wheat stored on farms in Texas and Oklahoma, and even granting that the program will be on a heavier scale than last year, we doubt whether it will tie up too much of last year's crop even assuming that the outlook for the new wheat is still rather poor.

In any case this may have had a stimulating effect on the market, although May wheat advanced almost as much as the new-crop futures, and there was no special reason for this except a cargo of wheat reported sold for export last half May delivery at the gulf at 21¢ over Chicago May. Beans were quite strong, and even yesterday when wheat was so weak there was a very good undertone, probably for the reason that the government has been buying some beans for export, and we understood that they were making inquiries for some beans via the Atlantic. New York reported that 336,000 bu was sold at Baltimore yesterday at 15 over FOB for April shipment. On the other hand, we may have to reckon with some competition, as Manchuria has on several occasions offered rather large quantities at prices equal to ours, but we doubt whether this has been much of a factor thus far. To our knowledge none has yet been sold to Europe, although there was some gossip that Manchuria had offered beans to France on a sterling basis, which some people claim figured 60¢ cheaper than ours. We are unable to confirm this news.

Primary receipts of wheat amounted to 906,000 bu, compared with 1,092,000 bu last week and 1,703,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 40,000 bu. Contract wheat stocks in Chicago decreased for the week and are now 2,678,000 bu compared with 2,926,000 bu last week.

Trade was nervous and while beans were weak at times there were fair recoveries. Likewise wheat futures were strong and yesterday's decline was fully recovered despite some profit taking sales. Domestic flour business is rather poor although replacements are occurring and according to the Southwestern Miller one big chain baker priced the week's needs, which apparently comprised a sizeable aggregate. There was undoubtedly some short covering on disappointing weather and for the immediate future no moisture seems to be indicated for the Southwest. The trade will, of course, be most interested in the April crop report issued by the government on the 10th of this month. A good reduction from the December figures is indicated although fully expected and apparently is not going to have too much influence with the large carryover reserve. Corn futures were strong. New highs were made. There is no pressure to speak of and even with higher prices prevailing, the country is not much interested in pushing sales.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 5, 1950

Further precipitation in the form of rain and snow was reported East of the Mississippi River, and in Downstate Illinois there were light snows, which, of course, are bound to delay oats seeding, but at the same time it is putting the soil in wonderful shape for spring work, and should be ideal for corn and bean planting when the opportunity comes. However, clear skies are reported over the Southwest and there seems little chance for any moisture during the next thirty-six hours; therefore, it was almost a foregone conclusion that we might have a little firmness at least at the opening because of disappointment expressed that there has been no relief to speak of up to this time. The Nebraska weekly report was fairly optimistic. That state, of course, has fared better than the territories farther South. Field inspection revealed that winter wheat has greened up throughout a large area with little evidence of abandonment so far. In the small territory where damage has occurred from a combination of dry weather and wind, it is thought that favorable moisture from this time forward should revive practically all the wheat; thus Nebraska still has a good prospect, but its neighbor state, Kansas, is receiving numerous complaints. According to one official, unless the rain comes very shortly further deterioration is bound to occur.

We have figured for some time that with the tremendous wheat reserve almost twice the prewar average, even some reductions in the prospective crop might not necessarily give us much of a bull market. Naturally if it remains dry forever and crops turn out badly, one would have to revise his ideas on that score, but it should not be forgotten that conditions in Europe are mostly optimistic, and, therefore, with the difficulty in obtaining dollar exchange, and the fact that many countries on the other side are trying to become more self-sustaining, we may find much poorer markets for our wheat in the next crop season. This opinion is apparently shared by others in the trade, which is the reason that there is some selling on advances, despite the fact that the government report when it is issued next week may show a much poorer winter wheat crop than had been estimated officially in December.

Broomhall's Foreign Crop Summary calls attention to the progress of much of the European Continent and the outlook for winter grains is favorable. In the U.K. rainfall during March was mostly below normal and rain would be beneficial in southern areas. However, spring sowings are progressing actively, and an increase in acreage is expected. France has had beneficial partial rains and moisture, and the outlook is good with winter grains claimed to be in fine condition. Acreage to spring wheat is expected to show an increase of about 10%. Export commitments from that country are gradually expanding, and Broomhall lists about 17 million bu sales of which 3 3/4 million would be repaid by shipments from the Argentine. Italian weather is very favorable and sowing of spring grains is progressing in Germany with few complaints on the general outlook. These are factors which we cannot overlook because for three or four years our export shipments of wheat and flour have been four to five times the amount cleared in prewar years, and even with larger populations one must now figure that we are getting back gradually to a normal status.

Primary receipts of wheat were smaller and amounted to only 360,000 bu. This compared with 273,000 bu last week and 541,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 17,000 bu. Trade was not particularly heavy. There were fairly good fluctuations in beans and that market recovered rather easily from breaks but at the same time there has not been the same gimp to the market that there was last week when new highs on the crop were established. Corn was rather firm although some profit taking and some of the early bulls are becoming a little more cautious probably for the reason that taking the cash premium into the account the price is not quite as far away from the loan as it was. Furthermore, barge receipts are reasonably good indicating some willingness on part of farmers to sell. Breaks in wheat did not extend far nor was there sustained weakness probably for the reason that this is a weather market and there is not much encouragement to press the short side.

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CHICAGO, 4 April 6, 1950.

Acreage plantings this season will be smaller than last, also smaller than the records of the early 30's, but compared with many other years they still could be claimed as high. Nevertheless, the farmer always wants to utilize his soil, and this is particularly true when prices are high and he is well paid for his work. We presume that in order to get the benefit of the loan, corn acreage will be cut the same as wheat acreage has been reduced, but by the same token, we doubt if the farmer realizes the millions of dollars being paid out through ECA for expanding foreign acreages. If they did, they might not be quite so happy in making this sacrafice in order to avoid unmanageable surpluses. We have in mind the fact that Western European countries, with the help of the Marshall Plan, are reaping rich harvests from thousands of acres of land which never before produced anything of value. Throughout those countries to whom Marshall funds are available, rivers are being rechannelled, swamps are being drained, thus making available thousands of acres of new farm land in areas which had once been barren. For example, in Italy more than $100 million has been donated for all kinds of projects to improve farming conditions. When the work is completed more than 8 million acres in that country should produce far more than ever before, and on some land, production has been stepped up by 50%. Most of this improvement is taking place in southern Italy where 29 reclamation projects cover more than 2 1/2 million acres. In The Netherlands $21.9 million has been spent to reclaim land from the Zuider Zee to improve farming methods. The Dutch government, which has been wresting land from the sea for centuries, hopes to add about 120,000 acres to its farm land. Many millions are being spent in France for land reclamation.

Naturally these are all worth while projects, which undoubtedly did help to combat the hunger and suffering, but in the final analysis we must admit that it is going to reduce export markets from this country. During the past four or five years we have been particularly fortunate in that our flour and wheat shipments ranged from 400 to 500 million bu per year, but next season shipments may only be half as great. Nevertheless, bread constitutes over one-half the daily average diet of Europeans. This may gradually change to a healthier condition if feeding of animals provides more meat for those people, although it takes time and resources to build up herds and animal numbers. As we have pointed out so often, it requires about 7 pounds of grain and forage to produce a pound of meat. Yet in many European countries great progress has been made, and for that reason we believe that the demand for feedstuffs will gradually become more important, thus taking supplies from the surplus nations.

Our shipments of wheat and flour were 4 3/4 million bu last week, bringing the total since July 1st to 228 3/4 million bu. In order to attain a goal of even 300 million bu, we would have to clear on an average 5 1/2 million bu each week, and there seems little chance that this will be done, as recent export business has been rather quiet. We understood that there was a considerable amount of wheat sold out of Texas stations last night at prices ranging from $2.48 to $2.48 1/2 in store gulf ports.

The weather Southwest is still about the same, no immediate chance for moisture in Texas, Kansas, or Oklahoma, although at Woodward, Oklahoma, they reported a sprinkle followed by a few small flurries, but this was of little import, and what we need right now is a good soaking rain.

Primary receipts of wheat amounted to 693,000 bu compared with 617,000 bu last week, and 1,081,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 160,000 bu. When the visible is posted Monday it will compare with a decrease last year of 1,270,000 bu.

Markets were not particularly active; in fact, in most pits there was great inactivity, especially in corn. A good many people are still friendly to this cereal on the theory that our consumption is so heavy, but for the time being advances have been sufficient, in our opinion, to warrant caution. It was apparently quitewindy in parts of the Southwest, some dust was in the air in the Texas Panhandle, also in western Kansas. This prevented much weakness, but at the same time incentives for buying are lacking, so we have had rather dull markets.

There was a moderate trade in beans, but fluctuations were not as wide; the May delivery seems to be losing a little ground as compared to the July. Mills complain of poor demand for flour. Some of the weakness in wheat toward the end was due to selling on the possibility of rain over the holiday. UHLMANN GRAIN CO.

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CHICAGO, 4

April 10, 1950

The weather forecast last Saturday was reasonably optimistic for some moisture in Oklahoma and Kansas, but when traders came to their offices this morning, they found rather disappointing advices from the country and practically no precipitation was reported anywhere. Instead a windy condition prevailed, dust was blowing in a number of spots, and naturally this had a rather bullish influence on the new-crop futures when our market opened. There is still no likelihood of any relief and it is becoming rather late in Texas to get the benefit of rains even if they should come within the next week or so.

After the close of the market today the government will make a forecast on winter wheat, which will probably show a reduction of 100 to 125 million bu from the December figures and they may even try to discount some of the bad effects of the dry weather because there has been a poor condition since the first of the month when their figures were compiled. In any case we now have to satisfy ourselves with a poorer crop on a smaller acreage. This should not be too surprising after the series of bumper yields and finally it may not have too much influence on the price, particularly as we shall probably have a very large carryover.

The Bureau of Agricultural Economics gives exports of wheat as grain up to end of March at 205.5 million bu. In addition to this 29.7 million bu flour, or a total of 235 million bu. This would compare with 391 million bu for the same period last year. Inasmuch as we exported about 110 million bu during the remaining period last year until the next crop was harvested, it is reasonable to expect that our shipments this year may not be much over 70 million bu. Therefore, we could increase our carryover somewhere from 150 to 160 million bu. Last year the reserve stock was 306 million bu. To what extent this will influence May wheat is still problematic for the reason that red wheat stocks in Chicago are still decreasing, although we understand that shipments from this market have mostly halted at least temporarily and the demand is anything but keen. Furthermore, new buying seems to come mostly into new-crop deliveries due to weather conditions, and we believe that mills will buy only what they actually require to take care of their business until the next harvest furnishes fresh supplies. Redemptions are not particularly heavy and in fact, Kansas City advised this morning that country selling has virtually been shut off, possibly adverse weather being responsible for a little more bullish sentiment on part of farmers. In Texas a little country-elevator stored loan wheat continues to be liquidated but quantities are small. Both milling and export demand remains poor. Enid, Oklahoma, advised us that there had been a few showers last Saturday in the western part of that state, and also a light rain in Canadian, Texas. However, the important sections of the belt reported no moisture, and apparently this was not enough to create any confidence.

It is rather significant that Mr. Hannam, President of the Canadian Federation of Agriculture, should have stated so emphatically that the Canadian farmer is in worse shape than any producer in the world. Apparently this condition exists, despite the so-called benefits of U. K. wheat contract which Mr. Hannam persisted in praising so much and so enthusiastically in clear defiance of the facts. Initial Canadian prices to the farmer have been decreased 35¢ a bu for wheat and next summer he will receive only $1.40 for No. 1 northern wheat compared with $1.75 last year; oat and barley prices remain unchanged.

When the visible supply of wheat was posted the decrease was small, and amounted to only 148,000 bu; this places total stocks in all positions at 160 million bu compared to 63.6 million bu last year; at that time Enid was not included. Corn decreased 880,000 bu, leaving 43.9 million bu at various points, compared with 21 million lastyear. Oats decreased 701,000 bu leaving 10.4 million bu in all positions compared with only 3 million bu last year. Chicago wheat stocks decreased 165,000 bu and there is now 5.3 million bu left here. Corn increased 122,000 bu, and we have a local stock of 8 million bu. Oats decreased 304,000 bu, leaving only 450,000 bu here.

Markets were all active and higher, corn made a new record for the season, and the same is true of soybeans; there was a big trade in the latter. No special news, but apparently there is still the feeling that we are going to have a close adjustment before the end of the crop year. In wheat reports of high winds and dust-storms came from such a wide area that it naturally attracted attention. There was considerable buying, although prices did not reach new high ground, although May wheat was pretty close to the old record. Export and milling demand are still slow; otherwise, there might have been more activity in the wheat pit.

The weather forecast that Saturday was a seemingly optimistic [illegible] but what [illegible] this [illegible] no rather disappointing [illegible] dry weather [illegible] reported anywhere [illegible] number of spots [illegible] failure when our [illegible] There is still [illegible] and it is encouraging [illegible] in Texas to get the benefit of rains if they [illegible] within the [illegible] so.

[illegible] the government [illegible] which [illegible] 100 to 125 [illegible] figures [illegible] may [illegible] been a good [illegible] the first of the [illegible] with a [illegible] This [illegible] the serious [illegible] may not have [illegible]

[illegible] at 125.7 [illegible] 11.7 million [illegible] 225 million [illegible] This would compare with [illegible] million [illegible] as we [illegible] about 110 million [illegible] the crop [illegible]

[illegible] this year [illegible]

[illegible] in 1961 [illegible]

[illegible] we understand [illegible] this market [illegible]

[illegible] country [illegible] In Texas [illegible] quantities are small [illegible] advised us that there had been a few [illegible] that state, and also a light rate in [illegible] the last reports [illegible] to any [illegible]

[illegible] the world [illegible] wheat contract which [illegible] stocks [illegible] northern [illegible]

[illegible] 000,000 [illegible]

[illegible]

DAILY MARKET LETTER

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CHICAGO, 4 April 11, 1950.

The government report issued after the close yesterday indicated a reduction f 121 million bu winter wheat since the December data was compiled. To some raders that was the whole story but when we analyze it there is much more to be leaned from the detailed figures. The sharpest reductions occurred in the South-est, with Texas reduced from 68 1/2 million bu last December to 24.9 million bu t the present time. Oklahoma, which had an early prospect for 79 1/2 million bu as been cut to 55 million. Kansas was reduced from 207 to 179.5 million; addition-l cuts for Nebraska about 4 million, Illinois 6 million, and the balance scattered. t shows one thing: namely, that with the fairly large acreage in Texas they have vritten this state down practically to bone bottom, and there cannot be much more eduction there unless it would never rain again. However, we call attention to some ther interesting statistics because last year red wheat played such an important art in the Chicago market, and it looks as though we would have a much smaller rop this season, despite the wonderful moisture which has occurred both early and uring the last two months. The following comparisons for the soft wheat states are ather interesting:

	April 1, 1950 Forecast	Final 1949 return
Illinois	23.9 million bu	49.1 million bu
Indiana	30.1	39.5
Missouri	22.1	35.0
Ohio	48.1	60.0
Michigan	30.8	35.0
TOTAL	155.0	218.6

Farm stocks of wheat were 199 million bu compared with 246 million bu last year and 216 million bu average. However, this in itself does not mean too much until we get the amount of wheat held by merchant mills, also by the interior mills and elevators, and CCC storage bin stocks to complete the quarterly statistics. Unless there is much heavier damage still to come, we figure that with a winter wheat crop of 763 million bu and a possible spring wheat crop of 250 to 300 million bu, there is enough in these two positions to take care of domestic requirements and probable exports during the coming season. In that case our July 1, 1950 carryover would probably not be reduced during the coming season, and, therefore, we would have just as much wheat on hand a year from now when prospects for production might be considerably better.

Yesterday's report on corn may have been a little bit disappointing to those who had looked for larger disappearance. Farm stocks of 1,634 million bu showed a reduction of 767 million bu from January 1st; a year ago the disappearance was 750 million bu. However, there is a great quantity held in CCC bins and in other types of government storage; consequently, not too easy to get the complete picture. However the government has stated that farm stocks of all feed grains are the second largest of record for April 1st, both in tonnage and in quantity per animal unit to be fed. The oat disappearance for the three months was 338 million bu in the farm position as compared with 350 million bu last year. Soybean farm stocks were 44 million bu, according to the government report. This is a reduction of 18 million bu since the first of the year as compared with the disappearance of 23 million bu same quarter last season. Present farm stocks are 8 million bu smaller than in 1949, but are more than offset by heavier stocks in processors' hands and in the visible. However, here again we have to get interior mill and elevator stocks that will not be issued until the end of the month for a complete compilation. Nevertheless, it appears as though we would have a close adjustment between supply and demand.

Primary receipts of wheat amounted to 910,000 bu. It was practically the same as last week and compared with 1,663,000 bu last year. Wichita was missing in these calculations. Kansas City and Minneapolis stocks so far this week show a net decrease of 19,000 bu. Here at Chicago stocks of #2 red wheat in deliverable position decreased 92,000 bu leaving 1,470,000 bu in this market.

Trade was rather heavy at times. There seemed to be profit taking on the advances despite the bullish implication of the government report. However, the weekly weather and crop resume talked of continued deterioration in many parts of the Southwest emphasizing windy conditions that caused generally light to locally severe dust storms. Wet soil had delayed sowing of oats. In today's trade, all wheat futures and all corn futures made new highs for the season. The same was also true of the old crop futures in beans. Export demand for wheat continues very slow but domestic flour business was somewhat better and apparently crop scares influenced more buying on part of mills.

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CHICAGO, 4 April 12, 1950.

The government report, which was quite an influence on yesterday's market, has been pretty much forgotten today, and we believe that most people take the same ttitude: namely, that if there is no further damage of consequence we shall raise nough wheat in this country to take care of domestic requirements, plus exports. herefore, the surplus problem will still be with us a year from now at a time when e mayhave brighter crop prospects than at present. There is, of course, some evastation taking place outside of the dry weather, and the government has pointed ut that greenbug infestation is probably the most severe in modern agricultural istory of our country. The damage is taking place in Texas, Oklahoma, New Mexico, and Kansas, and there is no way of estimating just how much deterioration as taken place due to this one insect pest. Unfortunately, it will soon be too late or insecticidal treatment to bring about much relief or benefit.

Before our market opened this morning trade had been told that there were a few very light rains in parts of Texas. Our own reports showed .11 inch rain at San Angelo. There was a trace at Wichita Falls, and news from our Amarillo Office said that the Weather Bureau was forecasting widely scattered thundershowers late today and tonight. The later forecasts were more encouraging for both Oklahoma and Kansas, and we had reports from Ft.Worth, Texas, of rain there and getting some showers a littlefarther west but nothing yet in the Panhandle district. In any case it is rather difficult to bull the market several times on the same news, and with some profit-taking this morning we had quite a weak opening with the heaviest decline in May wheat, which narrowed for a time as compared with the deferred months. Soybeans were also under some pressure and we are told that the demand for oil is not so good, and with warmer weather soon to come there might be difficulty in selling the full output, but in any case reactions, such as occurred today, are not too important following the sharp advances which have taken place.

For the first time in a long while some export business was reported from the gulf, --only one or possibly two cargoes, which is not much in view of the fact that Europe has been quite indifferent now for some time. We still believe that there will be difficulty in clearing 5 1/2 million bu each week for the balance of the season. Even if that should occur we would export only about 300 million bu wheat and flour all told. The Missouri state report spoke of abandonment of wheat, which is probably heavier than normal this year. We recall some years during the really bad periods when as much as 30% winter killing occurred, and it is not likely that anything like that will happen this season, although about 16% for the country as a whole is indicated. Seeding of oats is progressing fairly well in Missouri with about 70% planted compared with only 46% a year ago. However, in Illinois fields have been too wet and while some work has been accomplished in central and southern communities, rains have interrupted operations, and for the state as a whole only about 18% seeding has been completed by April 8th compared with 80% last year. Nebraska gives more optimistic news, and the outlook for winter wheat improved as a result of precipitation in the form of rain or snow over most of the Panhandle and southern part of the state. Seeding of oats progressed rapidly during the week except in the northeastern section where cold weather and wet soil prevented field work. About 50% of the total oats acreage has been seeded and barley also reported at the half-way mark.

Broomhall's Foreign Crop Summary was quite comforting. Work had been halted by cold weather and storms but apparently is being resumed and winter grains look to be most promising following favorable moisture, which seems to be particularly beneficial in Western Europe.

Primary receipts of wheat were small at 352,000 bu compared with 360,000 bu last week and 524 000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 117,000 bu.

Markets were nervous and because of the uncertainties with respect to weather there were fairly good recoveries following an earlier break. Apparently the trade feels that some of the forecasts for rain are conflicting and many want to see what develops overnight. For example, the weather man at Enid did not look for much moisture in his territory and lately most of the forecasts have been quite disappointing. Milling demand is rather slow again; therefore, commercial interest is light. Nevertheless, May wheat gained finally on the deferred months.

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CHICAGO, 4 April 13, 1950.

The overnight weather was considered disappointing by some for the eason that there were many places that did not receive moisture which had been predicted. On the other hand there was fairly good relief on the South Plains of Texas, but the upper Panhandle did not do as well, although Amarillo reported scattered showers were forecast for today and tomorrow, and there might be some improvement overnight. In Oklahoma, the moisture was mostly in the southern sections, but extended fairly far west; around the Altus district it was raining this morning, with a good many points claiming beneficial relief in that section. There was also some nice moisture reported at Guyman and Keyes, Oklahoma, located in the Oklahoma Panhandle, but around Enid it was mostly dry. Our people talked to scattered points all over the wheat belt and they were somewhat disappointed, although very little had been forecast for that section.

It was not surprising, therefore, that our market should open somewhat higher following yesterday's break, but there was other news probably more of a market factor, which if true would contradict some of the statements made earlier that the government would place the burden of warehouse storage charges on the producer when loans were taken out for next summer's crop. We had been led to believe that the 10 to 11¢ charges would probably be deducted the same as has been the case for other cereals, particularly as the government just recently resorted to that policy with respect to flax. However, there has never been an official ruling, and we understand that certain people have tried to convince Secretary Brannan that if the charges had to be paid by farmers they might not receive 90% of parity, as provided by law. The final decision will have to be made by the Department of Agriculture, and at the moment there seems to be a fair chance that the program might be continued on the same basis as heretofore. We had tentatively felt that the loan for wheat in Chicago might range somewhere from $2.10 to $2.12 in the event that storage charges would have to be paid by the producer. However, if the government assumes that liability, we might have a considerably higher loan, which would naturally influence the market and determine the amount of wheat which is finally impounded.

Not too much attention was paid to this factor, at least in the early trade, and after some advance in price there seemed to be profit-taking for the reason that there were no particular incentives to buy right now. Milling demand is still slow, export business has failed to materialize in any quantity, and very likely with the fine crop prospects in E urope, we are going to have difficulty in shipping as much next season as we did during the current one.

Our private reports from Texas are still quite discouraging, although it is admitted that timely rains might increase the crop by 10 million bu or so; yet the Panhandle produces about 80% of what is grown in that state, and it will take almost immediate relief to do much good. For all practical purposes we can write that state off as a crop failure, and may have to be content with producing only one-fourth as great as the 1949 yield.

It was reported that a cargo of corn had been sold to Holland but even that business has fallen off in recent weeks. Presently the Chicago-corn-hog ratio is 11.2 compared with 11.8 last week and 14.0 last year. The corn market seems to be on more debatable ground as we still are faced with a large carryover, also prices in the country are closer to the loan than at any time. New incentives are needed for this cereal, and much will depend on the development of next year's crop. Moisture conditions are very good, but there is already considerable talk of possible corn-borer damage, which was such an important element last season.

Primary receipts of wheat amounted to 649,000 bu compared with 693,000 bu last week and 979,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 110,000 bu.

Trade was rather light early in the session and between the possibility of a higher loan than had been expected and rains which were not too thorough nobody dared venture too far from shore. Late in the session, however, wehad greater encouragement from the Weather Bureau and rains were reported in the Texas Panhandle with the probability that it would continue for the balance of the day and tonight. Some selling came into the new-crop futures and the early advances were wiped out. This naturally influenced other cereals. Beans were erratic but there seems to be some possibility of moderately heavy deliveries onthe May contract but yet the nearby delivery is still selling at a good premium over July.

Weather markets generally cause wide fluctuations but at least there has been partial relief up to now although nothing much is indicated yet for rain over Kansas.

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April 17, 1950

As so often happens in a drought year, rains over the week-end were more copious than had been anticipated even by the most optimistic map readers. Generally speaking, the entire western third of the winter wheat area received rains ranging from one-half inch upwards. This includes the Texas Panhandle, the Oklahoma Panhandle, and the southwestern areas of Kansas, Altus, Oklahoma, advised that 3/4 to 1 1/2 inch rain fell over adjacent territory. While further rains will be necessary during the growing season, at least deterioration should be halted, and as one party expressed it Saturday, a field that looked like it was dead started to green up. Undoubtedly there will be many conjectures over the size of the winter wheat crop, and the full story will not be written until harvest time.

A few days ago PMA announced that 15 million lbs butter and 5 million lbs cheese acquired by CCC under the mandatory price support program had been made available for distribution to various agencies and for donations to school lunch programs. This again brings to the foreground the terrific load and the terrific cost incurred by our government in its price support efforts. We do not believe that the unrealistic and high loans can be kept up indefinitely, but unfortunately, we are letting year by year slip by without the proper scaling down of such programs. We do not seem to learn from history. In the early days, the result of foreign governmental meddling in rubber, tin, etc. led to overproduction, resulting finally in price demoralization and a breakdown in these commodities. As one economist points out, raw materials are the most sensitive items in the global business cycle. Once greatly expanded, farming and mining lack the elasticity for self-adjustment of supply and the market reaction is consequently violent. Under an artificially high level of farms prices, the use of land is stimulated, better machinery is purchased, and greater use made of fertilizers, hybrid seeds, insecticides, etc. European nations tend to become more self-sufficient when our own levels are too high, and it remains a moot question how long we can continue to pile up tremendous stocks of not only the six basic crops, but butter, eggs, peanuts, and all other farm products.

A recent study of USDA points out that 1950 will probably be the first year in nearly two decades that prices of all major items purchased by the farmer have declined. However, conversely, it is also probable that prices received by them for their products will also decline. Using the 1935-39 period as 100, farmers received for commodities sold 232 in 1949, 266 in 1948, and it is expected that in 1950 the decline will be about 10%. However, despite the decrease the ratio of prices received and prices paid by the farmer will still be relatively favorable compared with prewar. Producers have learned to cut costs by more efficient use of fertilizers on crops that will respond to their use. Livestock feeders can reduce unit costs by feeding balanced rations and feeding for maximum production and optimum weights. There should be a plentiful supply of machinery and equipment and while prices are expected to average only slightly lower than 1949, it is anticipated that trade-in allowances will be more liberal than in the past several years.

Primary receipts of wheat today totaled 750,000 bu vs 1,096,000 bu a week ago and 1,377,000 bu on the comparable day of last year. When the visible supply was posted, wheat showed a decrease of 16,000 bu leaving a total stock of 159,988,000 bu, which is a total of 67,506,000 bu larger than a year ago at which time Enid was not reporting. The corn visible showed a decrease of 1,471,000 bu the total supply being 42,424,000 bu. Chicago stocks of wheat decreased 152,000 bu leaving the total as 5,175,000 bu. Corn increased 352,000 bringing the total in this market to 8,392,000 bu.

At the opening, wheat was lower in response to the more favorable weather news from the Southwest and this affected other pits. However, later in the session soybeans showed considerable strength and new crop months of wheat recovered all of the earlier weakness. We understand that today Washington News carried an item that $971,000 had been allocated by the ECA to purchase soybeans for Germany. Some sources believe this is a new allocation. Strength in that cereal was also helped by buying against stop-loss orders. The oil and meal prices remain relatively unchanged.

One crop observer states that he found greenbugs as far north as Norton and says wheat is very poor south of the Missouri Pacific main line. The Baldwin Elevator Co., discussing the conditions in Illinois, mentions that seldom have wheat prospects been as varied as at the present time and that it will take more warm, favorable growing weather to properly appraise the damage to the crop as it remained dormant longer than usual. The same source believes that there is only about 40% of oats seeding completed to date but farmers will continue to plant during the balance

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CHICAGO, 4 April 18, 1950

There was practically no moisture overnight, at least for the important areas of the Southwest, and indications are not favorable for additional relief at once. In fact, even the five-day forecast is only predicting occasional showers from Friday through Sunday, with amounts averaging one-tenth inch in Nebraska, western Kansas, and western Oklahoma, edging upward to three-fourths inch in southeastern Missouri. That does not indicate anything of importance with certain dry areas that have not been benefited thus far, and we believe it had a somewhat stimulating effect on our market this morning. Then, of course, there was the expected business with Portugal, and while this was not known at the opening it was announced soon afterwards that about 28,000 tons had been bought. Ordinarily this would not have been too much of a factor except that the surmise is that most of it comprises No. 2 red wheat, which has gradually come from a surplus to a comparatively scarce article, and there is only a moderate quantity here in Chicago, although understand that there is still some soft wheat reported in the East that might be cheaper to fulfill this new business. In any case, there was no particular pressure except that the soybean market was weaker after yesterday's sharp advance, but comments from the growing wheat area were rather pessimistic, and a good many people are now looking for another sharp reduction in winter wheat yields when the next government report is issued. Whether the damage is as severe as some people claim remains to be seen, but we have had some estimates for Kansas as low as 130 to 140 million bu, which would be a big drop from the last official report.

According to the government, exports of wheat and wheat products from July 1, 1949 to March 1950 have amounted to 237 million bu in grain equivalent, which was a reduction of 154 million bu from the year before. This in itself is rather indicative that the International Wheat Agreement has really not brought about the results that had been forecast. It is particularly noticeable when we consider Argentina, which was opposed to IWA and never entered into the agreement, yet their exports have been about 20 million bu more than the year before, which shows that even with all the money that has been spent here to subsidize shipments, and also considering the vast amounts we have given away to occupied areas that we have not done too good a job up to this time. Nobody can tell what the European requirements will be next season, but judging from present favorable crop reports, we would look for even a poorer showing. As for other grain exports, about 90.4 million bu corn and corn products were shipped compared with 68.3 million bu the season earlier and nearly 65 million bu oats, barley, grain sorghums, rye, and products compared with virtually the same quantity in the like period of 1948-49. The greatest part of the July to March grain and grain products exports went to Germany and the U.S. Pacific areas, -approximately 5 million long tons, or 50% during the nine-month period. The second largest amount of about 3 1/2 million long tons, or approximately 35% of all grains and grain products went to the following ECA countries: Austria, Belgium, Luxembourg, Denmark, Greece, France, Ireland, Italy, Netherlands, Norway, Portugal, Trieste, Turkey, and the United Kingdom. Only 15% of the total exports were shipped to the Philippines, Spain, Indonesia, Cuba, Mexico, Peru, Venezuela, and other countries.

Primary receipts of wheat amounted to 674,000 bu compared with 910,000 bu last week and 1,561,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 49,000 bu.

Trade was not particularly heavy. During the last hour there were reports of rain at Salina, Vesper, and Plainville, Kansas, which may have had a little influence; moreover, when beans were liquidated it also caused some sympathetic selling in wheat, but on the whole there was no decisive trend. Milling operations are just a shade better but export flour business is lacking almost entirely. There was a little upturn in corn. Offerings in the pit were light; brokers with Northwest elevator connections bought Julycorn. In rye there was extensive local buying, but on the whole grain activity was rather moderate except in beans where fluctuations were wide enough to attract fair attention.

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CHICAGO, 4

April 19, 1950

There was nothing in the overnight weather developments to lend much enouragement to those who are hoping for any further immediate improvement in crop rospects. The map showed a few light showers in southeastern Kansas, possibly ome in Oklahoma, but hardly enough to really be a factor. The prospect is for enerally clear weather with cool temperatures, and thus there may be some further alk of deterioration, although some of the figures given to the trade yesterday were o pessimistic in nature that they may have more than discounted any damage to date. t is difficult until we get some growing weather to really establish what the probble yields may be. We know in this territory that looking in our own backyards verything has greened up materially during the past few days. The season seems to e late everywhere, and it is not only lake navigation that has been held up because f this condition, but also spring work which had made little progress in so many istricts of the Central States. For example, in Iowa many sections of the northern hird of the State have had nightly freezing of soil, which has delayed operations about two weeks. Thus oat seeding has progressed slowly, although it is now claimed o be 49% completed in that State compared with 14% a week ago, showing some imrovement. Last year by April 16th, 86% of the oats had been seeded.

As time goes on we shall naturally look at Northwest conditions because,there, oo, delays have taken place. One of our good friends, who is extremely well posted, ells us that they are a couple of weeks late in starting their crops, but yet there seems to be a good deal of moisture to get things off to a good start. There were some rather large areas in western Dakotas and northern and eastern Montana that were very dry last fall.However, with the exceedingly fine moisture that was had during the winter and spring, it should furnish some reserve. Chances are with some warming up, work will be started in South Dakota and eastern Montana, and will also extend to north central Montana this week should the weather remain favorable. Our informant is not much concerned over the lateness of the spring, pointing out that they have raised some of their best crops because of excess moisture and cold weather, which in the past made the crop a little on the late side, but yet this was overcome. It is still wet in the southwestern part of North Dakota and it may be ten days or two weeks before work starts in those areas. Even under good conditions, it may be the first of May before work starts in the north end of the Red River Valley, as they had their first real thawing weather in that portion over the last week-end.

Thus it can be seen that there are good many uncertainties, insofar as wheat is concerned. Moreover, we do not know yet within a range of 10 to 12¢ what the loan will be. It is a fact that the carryover reserve is going to be large. It is also a foregone conclusion that if crop prospects in Europe are maintained, the demand next season will be smaller. Broomhall reports that European conditions are mostly favorable, although in some sections spring seeding was delayed by cold weather. On the other hand winter grain crops continue to show up well. In France, winter grains are in excellent condition, while spring grains are coming along satisfactorily. As for Italy an excellent wheat crop is expected if they get satisfactory weather during the ripening period. Moisture supplies are good in most areas with spring seeding about completed. Italian imports of foreign wheat were somewhat less last year than earlier. Since August 1st to-date, that country has taken only 7 1/2 million bu of its IWA quota, whichamounted to 40.4 million bu. Since the first of the year Italy has imported 7 million bu wheat from the Argentine in exchange for Italian money and goods.

Primary receipts of wheat amounted to 471,000 bu compared with 352,000 bu last week and 486,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 41,000 bu.

Old-crop bean futures established new highs on the crop, likewise May corn sold at a seasonal high of $1.40 a bu, which brought some buying into other pits. It was evident, however, that on the advance country offerings of corn were somewhat better. There was no big improvement in milling demand, although some red wheat is being ordered out of Chicago, which is having its influence on the May delivery.

The weekly crop reports for Oklahoma and Kansas are much more comforting than some of the pessimistic reports that have circulated recently. Both spoke of improvement after the beneficial rains April 15th and 16th, although reference was made to insect damage and the fact that more moisture is urgently needed over such large areas. Abandonment apparently will be above normal. Unquestionably surface soil conditions are now much better than they were before the rains.

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CHICAGO, 4 April 20, 1950

It is rather boring to repeat it so often, but there was nothing much in the overnight news, and weather everywhere was mostly dry; no rain had been expected but the forecast still does not show much hope for additional relief. Crop reports from the growing areas show considerable variance, depending upon the person sending the message, but from all we gather there must be improvement in Kansas following the rains, although it may not show up until we get more growing weather. It is generally admitted that the chance for a bumper crop is no longer possible, and we may be fortunate now if the final returns are equal to the ten-year average. This in itself would not be too bad considering that our carryover reserve may be 150 million bu or so greater than last year; moreover, after six or seven bumper yields, we cannot expect that nature will be forever provident.

There is another uncertainty still to be reckoned with: namely, the payment of storage on wheat that goes into the loan. It is our understanding that a good many people are fighting for the inclusion of these charges to be taken by the government, but there has been nothing definite from Washington, although we understand that CCC is in the process of drawing an order to be issued later when loans are announced, so that all grains will be handled in a uniform manner, which means that storage will be deducted on wheat and soybeans the same as it has been for corn during past periods. Since these storage charges are, roughly, about 11¢ a bu, it naturally necessitates a good deal of guesswork whether the wheat loan, basis Chicago, will be about $2.12 or whether it might be $2.23. Thus another element of risk to the speculator, who is also faced with the great crop uncertainties, not being able to decide within 50 to 100 million bu what we are apt to produce.

Under these circumstances, it is not likely that wheat prices will go very far in either direction unless there are other incentives on which to trade. Generally speaking, crop progress in the Central States has been slow due to low temperatures. Moisture was beneficial to wheat in western Nebraska and in the southwestern counties of that state. All the wheat has greened up even in the northern counties. We can probably expect gradually rising temperatures except in the corn belt where it may take another day before cold weather is dispelled. There are some redemptions of wheat developing, and, of course, there is not much time before the April 30th expiration date. The repossessed wheat was heaviest in Texas and Oklahoma, although according to the Southwestern Miller, at a greatly accelerated rate also in Kansas and Nebraska. Some elevators were apparently discounting storage charges to stimulate redemptions, being eager to make space. Unlike past years, CCC is not requesting farmers to deliver collateral in their own bins immediately after May 1st, which in effect will give producers at least another month's leeway in redeeming such collateral. This also comes to us from the same authority.

There was not much export business in any of our cereals, although Norway purchased some wheat to be shipped from various ports, but the only real drain seems to be when red wheat is involved that might cause a reduction of Chicago stocks. The sale to Portugal earlier this week has necessitated some red wheat being shipped from this market but the movement may be nearly over. Yet there is no telling how large the supply will be in an available position for May contracts.

The Texas weekly crop bulletin states that prospects had been greatly improved by drought-breaking rains in most of the state and that 1 to 4 inches fell from the upper Red River Valley, Southeast to the gulf. Helpful as these rains were, they were inadequate over much of the high plains and western parts of the southern high plains, although deterioration in wheat had temporarily been checked but more moisture must come soon to maintain already meager prospects; in fact, much had already been abandoned and some plowed up during the past week.

Primary receipts of wheat were 648,000 bu, precisely the same as last week and compared with 1,023,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 32,000 bu.

Markets were rather nervous. This was especially true of soybeans that encountered some liquidation on reports that prices were high in relation to oil and meal. We even heard that some of the smaller processing plants might have to close down. In any case, new buyers were rather cautious and the same was true in other grains which declined in sympathy with the bean market. Corn has reached a level where offerings from the country increase on any slight upturn, but, on the other hand, not much bearish sentiment has developed probably for the reason that the domestic consumption will probably be as large as the amount raised last summer.

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CHICAGO, 4 April 21, 1950

Overnight moisture was again nil, and nothing much is expected except possibly some showers for southeastern Oklahoma, as are indicated by the five-day weather outlook. Should we get a continuation of this dry spell, it will undoubtedly cause the government to revise its figures, although on basis of April 1st forecast, there is still plenty of wheat in all positions. The government in its latest publication, THE WHEAT SITUATION, points out that 72,750,000 acres of all wheat are reported either seeded or to be seeded for the 1950 crop. This is a reduction of 14% from last year, which was a record acreage but is still 10% more than the 1939-48 creage of 66 million acres. According to the April 1st crop report on winter wheat, we might raise 764 million bu, either more or less, depending on subsequent conditions. However, with a spring wheat acreage of nearly 20 million under normal conditions a crop of 300 million bu is possible, which would provide a total crop of 1,064 million bu. Our domestic consumption has been reduced from the war days and now accounts for only 687 million bu, which is divided as follows: 491 million bu for civilian and military food, 81 million bu for seed, and 115 million bu for feed.

The BAE now states the possibility of shipping 310 million bu wheat and flour during the twelve-month period, which would leave us with a carryover of 450 million bu on July 1, 1950, or an increase of nearly 150 million bu over the previous season. This might even be a little bit bigger if subsequent exports are smaller, as we think they will be. In any case during the 1950-51 season, it is not likely that clearances will amount to over 300 million bu, and if that is the case, the carryover reserve one year hence might be 500 million bu, which would be the largest in several years, although would compare with a record high of 631 million bu in 1942. In comparison with the prewar average in the period 1932-41, the average carryover was 235 million bu. Thus there is nothing too bullish in the picture with the possibility that next year we may have a reserve stock twice as great as normal.

All these factors had very little influence on today's market, probably for the reason that there are still pessimistic reports coming from the Southwest, and unless we get a good soaking rain in Kansas before long, there is still apt to be a considerable cut in the potential yield. The abandonment in Texas has already been so heavy that there is not much hope of relief for that state, even if we get good rains from this point onward. Furthermore, the five-day forecast does not suggest any improvement for Texas, and thus we shall probably have to satisfy ourselves with a very poor crop, possibly only about one-fourth as much as was raised last season.

There is apparently strong political pressure to continue wheat loans as in the past, the government to absorb storage charges, but nothing definite on that point yet, and it may be some time before we learn the outcome. Therefore, this uncertainty makes it difficult for anyone to have very strong convictions.

It was reported this morning that a cargo of Manchurian beans had been sold to Rotterdam at 31 1/2¢ under our price, based on official sterling exchange, but if black market funds were used, the price would be about 60¢ cheaper than the American market. This, however, had very little influence, and there was enough buying in the early trade to give us a rather sharp advance, which also helped to stimulate some buying in other grains. We heard that CCC was inquiring for beans at Kansas City, which may have had a bearing on the market, although we have not received full details. We understand that the price was 10 over FOB New Orleans covering 400,000 bu.

Primary receipts of wheat amounted to 598,000 bu compared with 686,000 bu last week and 1,227,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 58,000 bu. When the visible supply is posted Monday there will undoubtedly be a decrease. Last year the visible increased 173,000 bu.

Markets were all rather firm. Old-crop bean futures sold at a season's high while the nearby corn deliveries did likewise. Wheat was naturally influenced but there was some profit-taking on the advance, although trade in the latter cereal was somewhat quieter. July wheat shows a little more strength compared to the deferredmonths, probably for the reason that prospects in the Central States are not too good and our supplies of red wheat are declining. Reports from the country indicate that the oat seeding has made good progress. We also have a rather optimistic report from Oklahoma on the character of wheat which has shown improvement since the rains.

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CHICAGO, 4 April 24, 1950

The carryover feeling from Saturday was quite bullish. It may have been intensified a little by the fact that there had been no rains over the week-end in the important areas, although some very light relief is looked for in eastern sections of Oklahoma and Kansas, but meantime there have been high winds, temperatures were also high for the season of the year, with the thermometer reading going to 85 or 90 in some sections, which is very bad considering that we have had so much dry weather during the past month or so. It may not be too late for some improvement in Oklahoma and Kansas, but Texas is about finished, and it is not likely that we shall have over 25 million bu wheat in that state, or possibly one-quarter as much as was raised last year. Under the circumstances, it seems more than likely that when the government report is issued in May, there will be further reductions. Weather generally has been quite wet in other parts of the country, and as far as we hear conditions in the Northwest are satisfactory, although to raise a crop of 300 million bu, as has been suggested by the government, means retention of good prospects during the growing period.

There is no likelihood of any scarcity for the reason that with the carryover reserve of 450 million bu, this should be nearly enough to furnish bread and cereals for our domestic population during the next season. Many people, of course, point out that even with the advanced price there may still be large quantities of wheat impounded under the loan, and, therefore, there is still apt to be a fairly tight situation with respect to our crop futures. We have not heard of much export business now in some time. Chances are that we shall not clear more than 300 million bu, and the quantity might be even somewhat smaller. For this reason the advances for July and September wheat have not been too rapid, although certainly gains were made and today's price carried all futures into new high ground. Soybeans have had more than the usual interest, and trade in this commodity is about as large as for all the other grains together, indicating that there is still a favorable sentiment for higher prices before the season ends. On the other hand the advances in beans have been so rapid that it takes great caution to make commitments on the constructive side of the market at this point. We could easily have sharp reactions before an upward surge is continued even assuming that the price might finally go above $3 per bu. The government has fairly large stocks of cottonseed oil, which might be put back on the market or could be offered for export, but one thing is certain: namely, that at the present time the relationship between beans and the products made therefrom is not satisfactory for processing. This has happened before but yet when it occurred at a much lower level, processors were inclined to continue operations, hoping that an improvement would take place.

We have not heard of any heavy redemptions of wheat in the Southwest, and while the futures market has advanced, premiums for cash wheat have declined to some extent, so that the farmer has really not been able to get the advantage of the entire situation. Redemptions during the month of February were only about 3 million bu, although we think that with April 30th, the maturity date, close at hand, and with prices generally higher, much greater quantities have since come out.

When the visible supply of wheat was posted, there was a decrease of 4.6 million bu bringing the total down to 155.3 million bu compared with 92.6 million last year. At Chicago, there was a decrease of 423,000 bu. The total corn visible also decreased 429,000 bu. Oats decreased 52,000 bu. Rye decreased 264,000 bu. There was a small increase in beans.

Markets were extremely active and soybeans advanced sharply, May and July selling up the full permissible 10¢ permitted during a single day's trading. This naturally had quite a little influence on other grains but as we have mentioned before adverse reports coming from the growing areas were enough to stimulate some buying in wheat. There was very little pressure to sell although in the Southwest cash premiums were somewhat lower in spite of the fact that the futures market was higher. However, it has been known for some time that finally the two would have to come closer together. Corn went into new high ground and we believe this cereal is somewhat debatable right here for the reason that cash prices in the country have reached a point where they are not too far from the loan level. The Pennsylvani Railroad announced an embargo at midnight.

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CHICAGO, 4 April 25, 1950.

The overnight moisture was all in the wrong places again. Many of the districts in the Central States were complaining that fields were flooded. However, in he Southwest where it has been so dry we found only rain in southeastern portions f Oklahoma, the far eastern portions of Kansas, and scattered districts of Nebraska. The immediate forecast is not at all optimistic, and even the five-day outlook is ather vague, with moisture light in the eastern sections of Oklahoma and Kansas, lthough becoming a little more general toward the end of the week.

All this had very little influence on our market for a time. First prices were ower in sympathy with the break in soybeans after they had such a sensational advance yesterday. One of the leading elevator concerns, however, was a heavy seller of May wheat against purchases of July, and while this had the tendency to narrow the spread considerably, it also caused a rather tight situation in July with he result that prices ran up sharply, as there seems to be very little opposition to the bull market, despite the advance, probably due to the realization that unless we get some relief soon, there may be drastic cuts from the official April figures covering the winter wheat outlook.

There seems to be some delay in accomplishing field work in our Northwest, not only have temperatures been low, but in some sections there are snows. Elsewhere soil was too wet to be worked. It may be several days yet before farmers can resume operations, especially in North Dakota, where floods and a heavy runoff of snow have left many fields under water.

We heard of some beans that were sold late yesterday for shipment out of Chicago, although this may not take place for several months yet. When that news reached the soybean pit, there was a sharp recovery and prices surged upward about 7 to 8¢ a bu, with very little opposition. This market has not been paying too much attention to the manufactured products, such as meal and oil. In fact, many of the commercial interests are just as much confused about the market as anyone else and find it difficult to offer much explanation for the recent advance. We must, therefore, conclude that much of the buying may have been speculative in character, based on the feeling that there may be a repetition of last year, except that it is coming much earlier. It is likewise difficult to tell whether consumption will be as heavy as it was a year ago since the market advanced much earlier; yet it seems that the larger processors have to stay more or less in the field even though at times their operations may not be profitable. The smaller industries, of course, can close down. Possibly some of this has occurred, but in any case we have never had a time in twenty years that there was ever a big carryover in beans, despite the fact that we have been raising successively larger crops each season.

Primary receipts of wheat amounted to 907,000 bu compared with 674,000 bu last week, and 1,887,000 bu last year. Kansas City and Minneapolis stocks showed an even position up to this period.

Trade was extremely active and soybeans experienced very wide fluctuations bothup and down. This naturally had an influence on other grains and it is difficult to give much advice but many people who felt friendly to beans for months are beginning to take a more conservative attitude, and with no profit in the conversion at this level it naturally makes for a rather unsatisfactory condition. The flour mills are reporting a little better business but yet with the big premium of May over new crop months nobody is willing to buy very far ahead. Some of the bakers are covering their commitments for the next 30 days.

The weekly report on small grains issued by the government talked of the dry weather in the western sections of the southern Great Plains and everyone knows that unless we have rains soon the situation might become quite desperate. One of our friends in the Northwest has written us that he is becoming a little more concerned about the north end of the Red River Valley. The crest at Grand Forks still has not yet been reached and they expect the river to go a couple of feet higher; therefore, it might be as much as a month before a good deal of that territory will be in shape for spring work. All of this,of course, tempers any bearish enthusiasm occasinned by the large prospective carryover.

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CHICAGO, 4 April 26, 1950

After the close of the market yesterday, the Department of Agriculture issued statements giving stocks of grain in various positions for April 1st, and they howed a total of 663 million bu wheat on hand compared with 585 million bu last year the same time. From this we were able to deduct the disappearance since July 1st, hich for the current season has been 789 million bu, but subtracting 237 million bu hich we have exported, it leaves the domestic consumption for nine months at 552 illion bu. By the same application, and figuring last year's clearances during the ame period at 391 million bu, our domestic shrinkage at that time amounted to only 32 million bu. Thus it is quite obvious that we are using more wheat domestically, e amount being 20 million bu more than the season earlier. Still with export busi-ess almost nil, we feel that we are still going to have a carryover close to 450 mil-ion bu, which is about the same as had been figured right along. Yesterday's report f corn stocks in all positions showed 2,014 million bu on hand against 1,854 million u a year ago. The disappearance in three months was 815 million bu compared with 87 million a year ago. Likewise the disappearance for the six months was greater, mounting to 2,188 million bu this season against only 1,952 million last season. This hows, with the larger number of animals, that we were correct in our belief that eeding operations were enormous and we still hold to the theory that we are going to onsume about as much as we raised, which is a wonderful record in view of the big rop produced last summer. Oat stocks in various positions were 523 million bu ompared with 607 million bu in 1949. Here, too, the disappearance has been heavier; or three months it amounted to 353 million bu compared with 367 million bu last year lthough for nine months, or since July 1st, the disappearance amounted to 1,093 milli u vs. 1,069 million a year ago, the increase not being too marked for that grain.

When our market opened this morning, it was influenced by continued dry weather Southwest. Temperatures for this time of year are lower than normal. There is no immediate relief in sight, although our own weather man looks for some light rains in eastern Kansas by Thursday. Under these circumstances not much pressure is developing, and there are still a good number of adverse reports from the Southwes which lead us to the conclusion that unless we get rain in Oklahoma and Kansas very shortly, there may be some extremely disappointing figures issued next month when the May government report is published.

On the other hand, some redemptions will take place between now and April 30th; quantities are not heavy, but it is thought likely in some quarters that with such a big carryover reserve there may be enough free wheat to prevent too larg a premium for the Maydelivery over new-crop futures. As near as we can tell, there may be half a million bu or more red wheat available for tenders on May contracts. While this is not too large a quantity, it may prove enough to take care of the requirements of those who are long the nearby future. Still there is not too much encouragement as any slight added increase in the demand from local mills might create an interest for red wheat, and the balance is rather delicate, so that no one can be too sure of his position.

Primary receipts of wheat amounted to 436,000 bu compared with 471,000 bu last week and 567,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 9,000 bu.

Trade was reasonably active and a good deal of attention was paid to the State reports which showed generally a declining condition during the past week. The one possible exception was Oklahoma which mentioned a sharp improvement in condition, many fields having greened up considerably and greenbug activity having diminished sharply. However, Kansas being the largest wheat producing state more attention was paid to it. Plant development was not particularly good and large acreage in the central and southwestern portion of the State still hangs in the balance with prospects said to be fair to poor indicating that additional moisture was needed. As a partial offset to this, we find that Nebraska, Kansas, Oklahoma and Texas have 244 million bu wheat on hand compared with 187 million bu last year and in the Central States there are also larger quantities available with Ohio, Indiana, Illinois and Michigan having a total of 53.5 million bu compared with 30 million bu last year. Milling demand was slightly improved but yet we did not see evidence of many hedges being taken out of the pit. Soybeans were intermittently weak and strong. 2,000 tons of Brazilian beans weresaid to be sold to Denmark at a price considerably below our level. Quite a few seasonal highs were made today, mainly the new crop wheat futures, also May and July corn.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 27, 1950

In just a few days the wheat under loan will either be defaulted or repossessed and chances are that the largest percentage that is now impounded will be turned over to the government. In the event that the market value is in excess of the loan value, plus interest and charges, the excess will be paid to the producer. There is nothing new in this situation except that in the past this was never much of a factor or the reason that in many cases the price was either so much above the loan that producers redeemed their wheat, or else it was far below, in which case they defaulted. This year the situation is more mixed, and since the advance in price has come toward the period of termination, many producers would not have time to repossess their wheat, but by the same token, they will not lose any money by letting the grain go into government hands. It should also be pointed out that what we have said about wheat also applies later to soybeans covered by warehouse storage loans that mature on May 31, 1950, also to corn covered by warehouse storage loans maturing on July 31st. Final repayment dates for those loans are May 31st and July 31st, respectively. Chances are that there will be enough free wheat to take care of requirements between now and next harvest, but the outlook for winter wheat is still poor, and the best that one can say is that there may be improvement if rains come during the next ten days.

Temperatures in the Southwest are somewhat lower, and while this retards growth, at the same time it increases the likelihood for insect damage, as greenbugs apparently thrive in cooler weather. We have a chance for some moisture but it may be confined more to eastern and central sections of Texas, Oklahoma, and the southern portion of Kansas. However, late forecasts were a little more encouraging; one from Kansas City predicted rain for Kansas continuing into Saturday, with appreciable amounts in the central portions but also stated that there was a chance for some rain in western Kansas, perhaps as much as 1/4 inch. On the prospect for at least some change the market was a little more two-sided this morning but may have been influenced also by lower quotations for beans. From what we heard, both USDA and ECA have jointly decided to halt further purchases of soybeans for Germany and Japan. High prices have led to this move, according to government officials, although they admit that there is still a demand for oil in Germany but that this will be substantially filled through purchases of other oil-bearing materials. It was said that the first step in this radical adjustment of policy would be an ECA announcement of the procurement authorizations for approximately 15 million lbs lard for Germany. We also had a report, which was not confirmed, that Norway had been given permission to buy Manchurian beans, payment to be made with ECA funds.

Brokers who often represent Northwest elevator interests bought May wheat today and sold July at about 15¢ difference. There was some export business in cor from Baltimore at prices figuring about 20¢ over Chicago May on an FOB basis.

Primary receipts of wheat amounted to 674,000 bu compared with 648,000 bu last week and 870,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 55,000 bu.

Trade was rather active. Beans, during the early part of the session, were moderately weak but recovered on a report attributed to a top government commodity expert who claimed that there were no present plans to stop soybean exports to Marshall Plan countries due to recent rising prices. He said that soybean exports were free from control and that neither the Agriculture nor Commerce Departments have authority to limit shipments. However, this does not necessarily mean that ECA purchases will continue, and, therefore, today's information is rather confusing. Our advices from the Northwest indicate that the spring wheat crop may not be larger than 250 million bu due to acreage reductions and some land in the Red River Valley which may not be seeded due to adverse weather. Late forecasts on weather from Wichita, Kansas predicted considerable precipitation over the entire state Friday night and Saturday, continuing at eastern and central sections Saturday but light in the west Saturday. Corn was strong with additional export business claimed late in the day. This cereal registered new highs for the season.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 28, 1950

A showery condition is apparently developing in the Southwest. Some rains have already been reported; most of these were in the eastern sections of Kansas and Oklahoma, but extending also to the central parts of those states. The weather forecasts differ somewhat on which sections will be relieved tonight and tomorrow, but there is at least a chance of fairly good rain for some sections, which could, of course, bring about some improvement. The Santa Fe report probably more than ffset the moisture reports, and some rather sharp reductions are anticipated, with exas being cut to 20 million bu; Colorado to 27 million, Oklahoma down to 45 million, and Kansas to 145 million bu. Thus for the four states this is a decline of 68 million bu from the government report issued earlier this month, and shows the extent of damage occasioned by dry weather and insects during the growing period. Enid wires us that from the cloud formation, prospects look good for a fair amount of moisture in that section, and rains also extended to Shamrock, Texas, but in looking over the five-day weather outlook there is not much improvement indicated for the Texas Panhandle and that state has apparently taken the heaviest beating without much chance for recovery even if rains come, as the season is too far along.

When our market opened this morning prices were fairly firm, and there was enough buying in wheat to give us moderate advances. Furthermore, corn prices were very strong and shortly after the opening there was an advance of about 2¢ per bu occasioned by further export business and the fact that the pressure from the country is still very light. Our people downstate advised that farmers' offerings of corn were scarce and there was doubt if up to $1.37 to $1.38 at Lincoln, Illinois, much corn would be moved. At the present time cash prices were somewhat below that figure. Then there was also strength in soybeans after an early decline, which stimulated bullish sentiment. A report from Washington, carried in one of our trade ournals, reaffirmed the possibility of export shipments being cut in view of the present high price level. The article stated that the government had moved to check the sensational soybean price rise of the last two months by backing out of the market for government export needs and pressing its investigation on soybean futures. The new investigation was described as routine and one that was made whenever trade volume in any commodity increased sharply beyond normal. It also went on to say that there was no evidence of illegal trading activities, and quoted a responsible government official as having told trade people that German industrial needs or soybeans were strong enough to justify paying as high as $3.50 per bu. All this apparently had contributed to the bull market earlier. In any case the market acted very normally. There was no unusual activity, as it has been believed for some time that if we grind 183 million bu beans this season, or about the same as last year, and export reasonable quantities, there is little chance of building up a large reserve at the end of the crop year. It is, of course, possible that with acreage allotments or corn and the present high price, farmers will put a good deal of their land into beans, and, therefore, we may have a much larger crop next season. This, however, s at least partly discounted by the fact that the November and January futures are already selling at tremendous discounts under old-crop months.

Minneapolis wheat futures were somewhat weaker today. Sales to-arrive yes-erday were close to 300 cars, and big again this morning. Price to-arrive was 1¢ ower, making it about 2¢ under spot price.

Primary receipts of wheat amounted to 764,000 bu compared with 598,000 bu last week, and 1,453,000 bu last year. Kansas City and Minneapolis stocks so ar this week show a net increase of 142,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 2.7 million bu.

During the session there were quite a few places reporting rain, although not much yet from the western districts. According to the BAE and the Kansas State Board of Agriculture, soil moisture condition in the western two-thirds of Kansas ranged from unfavorable to moderately favorable, and the lowest for mid-April tests since 1941. The survey did not include the eastern third of the state, where the wheat crop is generally in good condition.

We believe that wheat borrowed at least some of its strength today from the substantial advance in soybean prices. Likewise, corn prices were very strong, and there was a good deal of short covering which helped the rise. Cash corn basis was 1/2 to 1¢ lower, but apparently this did not have much influence on our market. Milling demand for wheat is a little bit slower, yet it is figured that there will be ome day to day buying, which will give some support during May and June.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 1, 1950.

With the great strength in soybeans, the natural question everyone is asking s how high the price may go. Compared with last year the increased demand for rushings has more than offset the lowered exports, and we now find that during March there was 18.1 million bu processed, which brings the total since October st to 102 1/2 million bu. Last year in March, crushingswere only 17 million, which brought the total to 96 million bu up to that period. Very likely this report had a stimulating effect on buying. It has been mentioned repeatedly that the reason beans went above $3 last year was due to close adjustment between supply and demand, and for the season a year ago there was 183 1/2 million bu crushed, so that unless the high price interferes with business, we might have the same, or even more, processed during the current crop-year. During the month of March stocks of soybeans at mills were reduced 187,000 tons, which amounts to about 6 1/4 million bu, and reduces our supply to 48 million compared with 36 million bu a year ago. On March 31st, factoryand warehouse stocks of crushed soybean oil were 87 million bu compared with 78 million the month before.

When our market opened this morning there seemed to be buying orders; part of it undoubtedly constituted covering by shorts, but on the other hand there are still a good many people playing the constructive side of the market who have great confidence that before we finish the price may be considerably higher. Wheat was, likewise, firm and the July future particularly gained ground on other months. Weather over the week-end was not too good, except that we have not heard of any damage from frost in places where temperatures have been reasonably low. Still there was not much moisture but it looks, according to the map, as though we may have scattered showers over Oklahoma, also in southern and western sections of Kansas. Temperatures should gradually rise; therefore, any further threat of frost might now be dissipated.

We are beginning to hear murmurs in Canada concerning discontent and dissatisfaction over the government's compulsion on the agricultural population. At one point in Saskatchewan, a short time ago 400 farmers debated the action of the Saskatchewan government in removing from its Natural Products Marketing Act a clause which required that the government should hold a referendum of farmers' opinions before the government took over any product. The results of this was a bill introduced into the Manitoba legislature to remove Manitoba coarse grains from compulsory marketing bythe Wheat Board. We understand that more and more farmers are becoming irritated with compulsory state marketing. The matter is further complicated because eastern feeders are complaining about the high prices they have to pay for coarse grains. We understand that a member of Parliament has been asked to investigate the entire matter of the purchase and sale of western grains. But we mention all this since our own agriculture in this country is becoming more and more socialized, and finally we are afraid that not only will producers be told how much they may raise, but also how much and when they may market their produce. Thus far agriculture has had all the benefits. The balance sheet since 1940 indicates that physical assets have nearly doubled. Machinery and motor vehicles have more than tripled, while financial assets have almost quadrupled. Much of this, of course, was due to war conditions and the high prices that followed in its aftermath, but even this year the surplus problem might have come to the foreground again except for the unsatisfactory crop conditions, which may cause some delay.

The visible supply of wheat decreased a little over a million bu, leaving a total of 154 1/4 million bu, which is 64 1/4 million more than we had on hand last year, at which time Enid was not included. Chicago stocks decreased 132,000 bu, which leaves the local stock 4.6 million . Corn decreased 404,000 bu to 41 1/2 million compared with 14 million last year. Oats decreased 169,000 bu to 10 million vs 2.9 million last year. Chicago corn stocks decreased 1.1 million bu. Chicago bean stocks decreased 212,000 bu to 3.1 million bu.

All markets were very strong and there seemed to be little selling pressure from any source. Wheat, corn, and oats made new highs. The same is true of soybeans and the nearby deliveries advanced 10¢ which is the full permissible limit allowed in a single day's trade. Rye did not establish new records, but there were phenomenal advances with apparently the May deliveries being better received than had been anticipated. Rye has been cheap compared to corn and also compared to wheat, but was hurt earlier in the season by devaluation of the Canadian dollar which brought larger quantities into this count ry. Likewise, our exports have been small due partly to the subsidy provided through IWA wheat shipments.

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CHICAGO, 4

May 2, 1950

There are various guesses as to how much loan wheat has been defaulted and turned over to the government under the 1949 loan program. Some figures are running in the neighborhood of 275 million bu, but this is only tentative and later on we may have to contend with some purchase agreement wheat, plus the fact that the government generally takes quite a little while to analyze and complete its data, owing to the fact that papers have to come from various parts of the country. According to one of the trade journals there was a rather bearish aspect placed on wheat loans for the reason that CCC was apparently making available 100 million bu wheat for export at the market price at time of sale. According to this source, trade experts declared that such a price policy definitely put a ceiling on wheat prices. We understand that if any miller has flour sales for export, he can also buy wheat from the government at the market price, which would thus release the domestic free supplies for home use. Mr. Trigg, President of CCC, outlined the policy as designed to aid interested parties in their normal commercial operations. Of course, this does not make wheat available at present levels from government stocks to be sold at home, and as a matter of fact the government is not permitted to sell domestically unless the price level is about 25¢ over the loan, including accumulated charges and some extras, but if there is any export business from this time onward, and we presume there will be a fair volume despite the reduced demand from Europe, it would be taken care of largely from the acquisitions through loan or from the quantities previously purchased by the government. In other words, with our domestic consumption accounting for about 685 million bu, there should not be too much trouble in meeting these demands, unless large quantities would again be tied up under the 1950-51 loan. With prices already at a fairly high level, we are convinced that there is bound to be a fair amount of grain coming on the free market after harvest.

The weather man was a little kinder, and some rains were reported in sections of Oklahoma, but it is now considered likely that we shall get some fairly general rain for that state, also for Kansas, which, of course, would be very welcome in view of the prolonged dry spell.

Broomhall's Foreign Crop Summary told of beneficial moisture in many European countries, and crop comment generally continues optimistic. The recent cool weather apparently did not do much damage, and temperatures now are somewhat higher. Moisture supplies are good in the U. K. while in France it has been raining and crop is in satisfactory condition. The acreage is somewhat larger than last year and, therefore, a substantial outturn is expected. Trade estimates are for a carryover of 37 million bu for that country. There have been very beneficial rains in Italy and conditions there are likewise good to very good, depending on localities. Germany had beneficial rains during the past week, while prospects are favorable in Austria.

CCC now reports that it has only $884 million on hand of its $4 3/4 billion borrowing authority to take care of various price support programs as of March 31st. Apparently this is the reason why there have been no further commitments made until the request of $2 billion additional borrowing power was granted by our Congress. The Agency sustained a net loss of $130.8 million in carrying out the various programs during the current fiscal year, and the net realized loss for the fiscal year ended June 30, 1949, was $254 million. However, there is some intricate bookkeeping in connection with many of these transactions. For example, of the 5 million bales cotton we shall export this season, about 80% was given away through ECA or other agencies. Likewise a good deal of wheat has been similarly handled. However, regardless of the acquisition price when the commodities are turned over to the other governmental agencies for export, it is our understanding that they are reimbursed on basis of cost price instead of prevailing market.

Primary receipts of wheat today amounted to 1,079,000 bu compared with 907,000 bu last week, and 1,569,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 23,000 bu.

Trade was erratic, but fluctuations were not as wide as yesterday; in wheat a little more attention was paid to prospects for moisture, while beans were influence by rather heavy tenders on May contract. Crop news from the Northwest is still only fair; weather has been cold, and this has held up field work. As a matter of fact, not too much seeding has been done, although a little more headway is reported in some areas. Central Montana shows good progress. It looks to us as though great caution should be exercised now in buying wheat on bulges, particularly with the government offering to sell 100 million for export, even though prices will not be

DAILY MARKET LETTER

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CHICAGO, 4 May 3, 1950.

The rains which had been forecast failed to materialize up to now, and about the only precipitation that was reported overnight occurred at Sterling, Colo. However, our weather man is still hopeful that we are going to get rain, although somewhat delayed by slow wind velocity and it now looks as though there might be some relief in the form of general showers over Nebraska and Kansas, also over central and eastern sections of Oklahoma.

Our market opened very firm and was probably influenced by the thought that the private report to be issued this morning would be bullish. When it was published at 10 A.M. our time, it bore out this prediction, as Mr. Galvin cut the prospective winter wheat crop by about 95 million bu as compared with the April government figures. Kansas was cut to 137.4 million bu, Oklahoma to 39 million, Texas to 19.2 million, and Nebraska, which showed only a slight decline from last month was reduced to 73.7 million bu. These figures may be the most pessimistic now, particularly if there is some rain, although we admit that it is too late for much improvement to take place in Texas where the crop has suffered the worst. On basis of a total winter wheat crop of 668 million bu, if we add 250 million as likely for spring wheat it would give us an overall yield of 918 million bu. This, of course, would be the smallest crop in many years, but the combination of adverse weather and government acreage allotment had much to do with the poorer outlook. We shall probably use 685 million bu at home for all purposes, including feed, seed, etc., and if we are lucky might export 250 million bu in the coming year, which would mean total disappearance of 935 million bu. Should these projections be anywhere near correct, it would mean that we would cut somewhat into our accumulations, but yet not enough to be too important if one year hence the outlook is better. Of course, we have to take into account that the reserve stock may be largely tied up, but by the same token we canalso assume that whatever foreign shipments are made in the year ahead, the bulk of the grain will come out of government holdings, and, therefore, we are only going to have to provide enough to take care of home usage. However, parity prices have advanced during the past few months, and it is now possible that unless there is some change made in the method of computing the loan, it will be nearly as high as last year. Thus there does not seem to be much chance for any sharp declines except possibly during the harvest movement if a considerable amount of grain is offered on the free market. The winter wheat crop, which is virtually a failure, should not be regarded as entirely unexpected after six or seven years of bumper yields, and while it will give the government a breathing spell, we do not think it is going to change the ultimate outcome with respect to the surplus question. Had we produced another billion-bushel crop or more this summer, we might have had our hands full in trying to find outlets, as crop conditions in Europe seem to be almost perfect, and chances are we have seen our best days with respect to foreign shipments. It may be another decade, if not more, that we can again ship as much abroad as we did last season, when 500 million bu was furnished, or a quantity equal to the amount consumed at home by every man, woman, and child for bread and cereals.

The Bureau of Census made a report showing stocks of soybean cake and meal at crude oil mill locations March 31st at 76,951 tons compared with 69,655 tons end of February and 24,021 tons end of March, 1949. Factory and warehouse stocks of crude soybean oil March 31st were 87.2 million lbs compared with 78.9 million a month earlier and 132.9 million lbs end of March 1949.

Primary receipts of wheat amounted to 582,000 bu compared with 436,000 last week, and 456,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 24,000 bu.

The bean market was again very strong, and new highs were made on the crop. We understand that the majority of yesterday's tenders went into what might be considered strong hands, and with the open interest in May beans still very large, this naturally caused some short covering although best prices were not maintained and we had a very severe reaction later in the session. Wheat prices were influenced early by strength in beans, although the late forecast for Kansas was less hopeful for relief than an earlier report. However, there was heavy profit-taking and apparently new buyers were cautious. Corn went into new high ground for the season and pressure from the country was extremely light.

UHLMANN GRAIN CO.

[illegible]

The rains which had been forecast [illegible] up to [illegible]

about the only precipitation [illegible] occurred [illegible]

however, [illegible]

[illegible]

DAILY MARKET LETTER

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CHICAGO, 4 May 4, 1950.

The overnight weather was again disappointing. Rains that had been forecast for the Southwest failed to materialize, and this has, indeed, been a difficult season, as so many times map has looked favorable, and yet the outcome has been contrary to the map readers' versions. It still looks as though we might get some rain in central and eastern sections of Kansas and Oklahoma, but the trade has been fooled so often that when our market opened this morning first prices were considerably higher, wheat opening up about a cent a bushel. There was also initial strength in soybeans, as the carryover feeling from yesterday was reasonably bullish. It is also figured that wet weather with considerable snow in the Northwest is going to delay operations up there. One of our very good friends who has watched developments for nearly half a century is not at all alarmed over this situation. In his opinion the moisture question is far more important than late seeding, and from what we learn there have been many occasions when spring work occurred at a later than usual date, but this did not necessarily have an adverse influence on the final yield. Nevertheless, the situation bears close watching, and having sustained a loss of nearly 100 million bu in the winter wheat prospects during the past month, trade is naturally more concerned than would otherwise be the case. It also shows the futility of trying to reduce acreages even though we admit that the carryover reserve was unusually large. Consequently, the total supply situation is such that there can be no scarcity during the coming year unless we should get further continual damage in the growing areas.

Corn, which has been rather strong now for many weeks reversed its trend in this morning's trade. There was no particular news, nor was there any special pressure. However, farmers in many localities have been able to get a price about equal to the loan and we have called attention to this, feeling that the amount impounded would not be as big under such conditions. Buying in corn and oats was indifferent, and thus when profit-taking occurred, there was a reasonable amount of weakness, which brought in many questions as to what had taken place. However, after markets have had continual advances for a long period, reactions should not be regarded as unexpected, if for no other reason than to improve the technical situation.

There has been virtually no field work done in the Northwest during the past week and moderate to heavy snows were received in the early period, ranging from 5 to 15 inches over North Dakota, the eastern third of Montana and northern South Dakota, as well as northern Minnesota. This is certainly unusual for early part of May. It may take several days to a week, possibly even ten days, for the snow to melt, and even then the ground may have to be opened to dry out before field work can again start. This might have some influence on the Minneapolis futures, as it now looks as though seeding operations would not be completed until after the middle of this month even under favorable weather conditions henceforth. The late moisture is certainly going to build up subsoil reserves, and as one of our good friends points out, some day the crop will probably be fully planted and the outlook may then appear much brighter than at present. The big danger, of course, would be that it will head out the latter part of July, and would then be subject to the hottest and driest part of the summer during that important period. The present weather map is not encouraging and there may be an unsettled condition for the next dayor two. What is really needed now is warm and dry weather for a continued period.

There were tenders of 470,000 bu wheat on May contracts today and this is probably about all the wheat that can be delivered unless more is brought to this market, and we doubt whether there will be shifting of stocks unless the nearby delivery should become more attractive than at present. Broomhall reports larger clearances last week amounting to 6.3 million. The total for the season is 254 million bu vs. 424 million in 1949.

Primary receipts of wheat amounted to 886,000 bu compared with 674,000 last week, and 1,259,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 17,000 bu.

Markets, with the exception of corn and oats, were strong at times but best prices did not hold. Flour demand has slowed down; probably the main reason is that nobody wants to carry toomuch into the next crop with still a discount for the new crop futures under the May delivery. Also, the trade seems to be fairly well booked for the next 20 or 30 days. In any case, there was profit taking and not too much new buying as the market declined. Corn was independently weak. Beans are erratic and with meal prices somewhat reactionary we feel that possibly the top

The overnight weather was [illegible]

[illegible] central and eastern sections of [illegible]

[illegible] wheat [illegible]

[illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

May 5, 1950

Never before in the history of the world has there been anything like the Commodity Credit Corporation. This organization was transferred to the U. S. Department of Agriculture in 1939 with the exclusive voting rights of stock vested in the Secretary of Agriculture. It was later given a perpetual charter, and has been accepted by our Congress as a socially desirable body, with the achievements presumed to be worth the tremendous costs involved.

Since its inception on October 17, 1933, to the end of December, 1949, the overall realized loss of CCC was $2.3 billion. They have a very unique arrangement with the U. S. Treasury; an annual appraisal is made of assets and liabilities. If the net worth be less than the authorized capital of $100 million, the Secretary of Treasury restores the amount of such capital impairment to the Corporation. If the appraisal establishes the net worth as being more than $100 million, the surplus is paid into the U. S. Treasury. However, the net contributions to the Corporation through June 30, 1948, totaled $1.9 billion. The operating loss for the period June 30, 1948, to January 31, 1950, was $847 million, of which all but $417 million was charged to a reserve for the post-war price support of agriculture. An additional $500 million was paid to the Corporation in 1946, and set up as a reserve for post-war price support of agriculture. This reserve has been depleted, so is actually a realized loss, although it does not appear as such in the Corporation's capital accounts.

According to another governmental agency, interested mostly in finances, they say that all evidence indicates that it was possible to liquidate the stocks of commodities accumulated during the 30's without suffering substantial financial loss only because of the wartime increase in demand and the associated price inflation. However, recurrence of this type of demand increase presumably cannot be relied upon for the periodic liquidation of stocks accumulated in an effort to maintain prices at artificially high levels. Furthermore, present stocks have been accumulated not only at higher absolute prices than were true of inventories acquired in prewar years, but at prices which are much higher relative to prices of non-agricultural products.

After the close yesterday the government gave figures showing total stocks of beans in the country. It disclosed a record amount held on April 1st, estimated at 119.6 million bu, which was nearly 5 million more than last year and 30 million bu greater than in 1948. It is figured that about 18 to 19 million bu will be required for seed this year, but BAE claims that even with substantial quantities that will probably be exported, sufficient supplies appear to be on hand to permit processing at the usual rate until the next crop is available. This report was regarded as bearish and the opening was very much lower.

Primary receipts of wheat amounted to 832,000 bu compared with 764,000 bu last week and 1,162,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 57,000 bu. When the visible supply of wheat is posted on Monday, it will compare with last year's decrease of 2 3/4 million bu.

Trade was rather active and inquiry for flour has tended to slacken further but still the May wheat delivery was fairly strong influenced by the fact that the tenders made on May contracts yesterday seemed to have been stopped by one house, and up to now nothing has been re-tendered. The weather was very mixed. In the Northwest, it continued to be wet, thus seeding operations are further retarded. In the Southwest, where they wanted rains, they only occurred in eastern sections of Kansas and in the northwestern part of that state; elsewhere high winds were reported. Dust was blowing and very likely additional damage has been sustained to the crop. The weather forecast is not particularly favorable. Considerable blowing of dust is expected this afternoon with a high wind velocity but no mention made for moisture for the State of Kansas. The same is true of Oklahoma, although a mixture of snow and rain is expected for Nebraska. Thus, we had rather sharp upturns in wheat and this very likely influenced some buying in soybeans, which were so weak earlier in the session. Corn, which early in the day was inclined to be weak also showed some recovery. There was a fair amount of export business reported and we also heard that Norway was inquiring for some spring wheat but we do not know if any business has developed yet.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 8, 1950

Weather is certainly most unusual, and while there is more moisture reported in various parts of the Southwest, it seems that more attention now is being paid to the late season in the spring wheat districts on both sides of the international line. Our weather man looks for some rains in central and eastern parts of Oklahoma and Kansas, also some wet snow in northwest Kansas, but does not think that the temperatures will get low enough to do any harm. However, in the Northwest they are still experiencing freezing temperatures with considerable snow, and up to now seeding operations have been greatly impeded. Nobody wishes to hazard a guess as to the percentage or number of acres that have been sown. We heard that around Aberdeen 60 to 80% of the work had been completed; in northwestern sections of South Dakota possibly 60%, in the southwestern part of North Dakota as little as 20%, but in North Dakota proper almost no work had been accomplished and certainly present weather is against any field work. One of our friends wired us this morning that he figured that wheat had a good chance of maturing if seeded by May 20th, which is still twelve days ahead, and a fair chance if seeded by June 1st, but anything seeded later was subject to weather elements, and would have to mature in September with the possibility that it might be hit by frost. Thus one must watch that situation very carefully and for the next day or two it does not look as though temperatures would warm up much.

News from Canada is likewise disturbing. An odd farmer here and there may have sown wheat, but in general very little has been accomplished owing to the light snowfall and unusually cold weather. Based on present indications the work will be anywhere from ten days to two weeks later than usual, but according to the Searle Grain Company, Limited, if the crop is seeded soon and it becomes general, not too much damage may be sustained because with modern large-scale machinery farmers can make up for the delay. However, there have been some bad floods around Winnipeg, and even the Exchange Building is menaced by the rising water. We were told this morning that possibly they would have to suspend trading operations; so one can naturally become a little apprehensive under these circumstances. Manitoba, of course, has the smallest acreage of the Prairie Provinces, and of far more importance is Alberta and Saskatchewan, although it will take some warm weather now to bring about more normal conditions.

The BAE in its last report on the demand and price situation looks forward to a fairly good demand for farm products; in fact, a high level through most of 1950 is anticipated, but claims that the pattern of lower prices and cash receipts to farmers may be expected, although possibly this report was drafted before the recent losses in prospective crop were fully realized. They figure that the net income might be about one-third below the peak reported in 1947, although it is pointed out that the general business situation has turned out to be stronger than was anticipated, but yet the future for agriculture has not been altered appreciably. In their resume they forecast that with average growing conditions total supplies of farm products marketed this year would closely approximate those of 1949. However, total crop marketings would be down substantially, primarily because of acreage allotments for some crops. This, however, is expected to be offset by generally increased marketings of livestock and livestock products.

When the visible supply of wheat was posted there was an increase of 161,000 bu; this gives us a total of 154.4 million bu in all positions compared with 87.1 million bu lastyear. The increase was somewhat unexpected. Corn increased 525,000 bu to 42.1 million bu compared with 13.1 million last year. Oat stocks increased 277,000 bu, to a total of 10.3 million bu vs 2.5 million last year. Chicago wheat stocks decreased 455,000 bu. Corn decreased 184,000 bu, and oats decreased 128,000 bu, while there was a very small decrease in beans.

All markets were very strong during the fore part of the session. As a matter of fact new highs were made in wheat and in the old-crop bean months, but later in the session there was considerable profit-taking; this was especially true in wheat where there was less encouragement from the cash article. Premiums at Kansas City were a little easier, sales were slower, there was 300,000 bu of wheat tendered there, and even when we were strong Kansas City futures were weak. The Baldwin Elevator Co. in its weekly report, talked of the rather mixed situation with respect to the growing crop, wheat looks patchy and spotted, and abandonment will probably average about 15%. In milling circles, business was extremely dull, and buyers are resisting present price levels.

Corn reacted as other cereals became weak, but there is still not much pressure from the country. Soybean meal was strong. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 9, 1950.

In considering the various farm programs during the past two decades, many of the economic aspects have been lost in the shuffle, and not sufficient recognition was given to the demand side of our markets, which is so very sensitive. Little recognition was given to the consumers' ultimate force in directing what shall be produced by deciding what shall be consumed. As we have mentioned so often in these letters, the only fair price of any commodity is the equilibrium price, which coordinates production and consumption. That, in other words, is the price which moves the whole crop without a shortage and without a burdensome carry-over. In many instances the adjustment is a very close one, and this has been the case in soybeans now for many years where we have hardly ever had an excessive reserve stock at the end of the season. Consequently, price was a most important element in preventing consumption from becoming too great, thereby causing a shortage which might in turn create a great hardship on the consuming public.

How many people realize that an increase in our livestock population by less than 5% would use up all of our normal so-called grain surpluses. How many realize that with all the difficulties we had with our surplus eggs that in 1949 if each person had eaten one dozen more eggs there would have been no egg surplus at all. Still the price was held up artificially, which meant we had to import large quantities from China and from other countries, which upset the entire applecart. This all happened despite the fact that Americans were eating a better diet by 12 to 15% than in prewar days. It is also true that if each of us spent on an average 10¢ more per day throughout the year for high protein foods, there would be virtually no agricultural surplus. Thus it can be seen that the price function cannot be ignored in all these considerations because in a competitive market an automatic adjustment is being made right along to take care of either shortagesor surpluses. We are even told by one outstanding authority that if our population should double during the next hundred years we could easily feed them better than now. In other words, we could increase our present standard of living during the same period by eight times. All these are unusual developments but in our opinion they cannot be brought about if we continue down the road with all kinds of various artificial stimuli, such as have been planned and are still in operation. A price that is too low does not maintain production, but a price which is too high does not maintain consumption, and to simply try to plan each detail either through acreage allotment or through subsidy may fail to bring about the desired results in a great Democracy such as we have established in America.

When our market opened this morning it was influenced by weather considerations. We had advices from Canada that seeding was progressing nicely in Saskatchewan and Alberta and that farmers were pleased with soil conditions. It also looks as though clearing weather would set in for Minnesota, although the Northwest has still experienced unsettled conditions and seeding operations have been badly delayed. There was quite a little moisture in both central and eastern sections of Kansas, and same should continue throughout the day, clearing by evening, while central and eastern portions of Oklahoma will probably also have some precipitation during the day. The five-day forecast is fairly optimistic for the Southwest; occasional showers and thunderstorms are predicted for Wednesday and Wednesday night in eastern Oklahoma, southeastern Kansas, southern Missouri, and over most of the district Saturday or Sunday. Rain will average as little as one-tenth inch upwards to one inch in various localities. Temperatures will probably average somewhat higher.

Primary receipts of wheat amounted to 997,000 bu compared with 1,079,000 bu last week, and 2,171,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 79,000 bu. Stocks of contract wheat in deliverable Chicago position decreased to 1.8 million compared with 2.1 million bu last week. #2 red winter wheat stocks are now 683,000 bu against slightly over 1 million bu a week earlier.

Markets were fairly firm in the early part of the session, but later declined on more favorable reports from Kansas, following the rains. The southwest part of the state is still unrelieved, but elsewhere more optimism is expressed. Flour business continues exceedingly quiet, with only a little business here and there. Likewise export inquiry is very poor, and this promises to become a greater factor in the months ahead. Furthermore, whatever is shipped may be taken pretty largely out of government accumulations. Corn held relatively well, while beans were less active, and while not showing much weakness early, at least were subject to profit-taking, and the spread between May and July narrowed. The close was very weak.

UHLMANN GRAIN CO.

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CHICAGO, 4

May 10, 1950

The weather, which has been watched so carefully in both winter and spring wheat districts, seems to have changed for the better, and there was some rather heavy moisture over parts of Oklahoma, with about 2 1/4 inches at Enid and it seems that the entire territory in all districts within a radius of 100 miles had been benefited. We also heard Coffeyville, Kansas, which is in the southeastern part of the state, had good rain, while northwest Kansas also reported precipitation, and it looks as though more would fall tonight in southern Oklahoma, possibly extending into the Texas Panhandle. While the official forecast for the Northwest is not too favorable, our own weather man looks for clearing conditions, and at least only light rainfall for the next twenty-four hours, all of which would be helpful as seeding operations up there have been greatly retarded. Some apprehension is expressed that because of floods, or at least high water, in the Red River Valley, there may be 1 1/2 million acres that will be taken out of production as compared with earlier estimates. By the time the water recedes and the land dries out, it will be too late for commercial crops to be planted; thus we believe that when the government reports on spring wheat conditions one month hence, there will be some big reductions as compared with the tentative figure of 300 million bu, which in any case looks far too high based on known data.

After the close of the market this afternoon the April government report will give an estimate on winter wheat, also the acreage remaining for harvest, and while it is likely that abandonment has been quite heavy, we still feel that the yield should be fully as good as that given by a private expert, and there may even have been improvement since the first of the month, which is probably not reflected in today's report. The government will also estimate condition of hay and pastures and the condition of oats in southern states. It is rather interesting to note that while there have been acreage allotments in corn, farmers are intending more acres into the four main feed grains than in 1949, according to earlier planting intentions. While an overall reduction in corn acreage may be about 6%, producers indicate that they plan to boost oats 8% and both barley and sorghum 24%. Besides this it is likely that a considerable amount of land, which would have ordinarily gone into corn, may now be sown to soybeans.

Before our market opened this morning, we heard ECA had authorized $500,000 to Germany for the purchase of soybean oil. The funds were released after the Agricultural Department two weeks ago had cancelled plans for soybean procurement on the plea that they would wait until prices in our country declined. This had a rather stimulating effect on the soybean market, which late yesterday had been subjected to heavy selling, and first prices were steady to higher. According to newspaper dispatches, the government also confirmed today the sale of 20.2 million lbs crude cottonseed oil for May delivery at 13 3/4 to 14 1/8¢ a lb FOB Texas crushing plants. This sale probably represents all the cottonseed oil available to the trade this month from crushings of government-owned cottonseed stocks, which were acquired this spring through price support operations.

Western European crop conditions are better than a year ago, according to OFAR, although they admit it is still early in the season and that many changes in crop conditions may still take place. As of May 1st, moisture was good in practically all Western European countries, and relatively little winter kill had been reported. Crop is slightly above last year but still below prewar.

There was not much feature to the wheat trading today as export business continues light and flour business, except for the purchase of about 100,000 cwt. by PMA and an inquiry from Bolivia is also very slow in export and domestic business, if anything, is down further with many mills reporting only 1 to 2 car sales and some a complete blank. CCC has shown some willingness to reduce their Gulf prices after having sold # 2 hard in-store at $2.47 1/2 and $2.47 in small amounts to exporters.

Soybeans were quite vulnerable moving up and down rapidly on small orders but a tendency towards weakness developed when rather liberal spreading of the sale of May against the purchase of July put some pressure in the former month. Both oil and meal showed slight declines in prices.

Although corn bookings were reported at about 200,000 bu by rail and 10,000 barge this business did not seem to be general because a number of receiving houses reported lack of offerings from their shipping points. Basis on corn continued about unchanged at 2 over on spot.

Primary receipts of wheat were small at 431,000 bu compared with 582,000 bu last week and 890,000 bu a year ago. Kansas City and Minneapolis wheat stocks

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CHICAGO, 4

May 11, 1950

After the close of the market yesterday the government gave its May forecast indicating a winter wheat crop of nearly 690 million bu. This was a considerable reduction from the April figure, but yet was not as pessimistic as the trade had been prepared for, and for that reason it was regarded as slightly bearish. Kansas was cut to 154.3 million, which was quite substantial, but yet is only about 10 million smaller than last year. Oklahoma was reduced to 41.2 million bu, which is only half as much as last year, and, of course, the greatest reduction was in Texas, where only 24.6 million bu is in prospect compared to nearly 103 million bu in 1949. We must also take into account that the red wheat states are going to produce much less than last year: notably, Illinois has been reduced to 23.8 million--less than half what was raised last summer, Indiana is 12 million bu less, but otherwise the reductions are more moderate, but yet we must figure on smaller accumulations in Chicago under these circumstances. The only alternative would be hard wheat being brought here from the Southwest or spring wheat from the Northwest, and neither of these factors loom up as an immediate possibility particularly with the setbacks that have occurred. While our total yield both winter and spring wheat will be less than a billion bushels for the first time in seven years, still the carryover reserve will be so much greater than normal that no shortage is in sight. As a matter of fact, the amount of winter wheat should be sufficient to take care of our domestic consumption, including feed and seed requirements; therefore, theoretically whatever we raise in the spring wheat territory should be surplus. Furthermore, exports will probably be handled by the government, or at least will come out of accumulations, so that despite everything we cannot assume a very bullish attitude at this time, with prices fairly close to the likely loan level of next summer.

As far as export business is concerned, we are convinced that we have seen our best days. Never before in the history of this country were we able to ship 500 million bu wheat during a twelve-month period, and as we have pointed out so often average shipments during the years 1930-47 were only 100 million bu, so that with better crop conditions in Europe, the problem of surpluses will again arise. Broomhall tells us that Canadian representatives are reported to be visiting Britain to negotiate sales for next season because of the fact that the Anglo-Canadian Pact has expired. Conditions in Canada seem to be more favorable now outside of the flood areas in Manitoba and feeding operations have been resumed in the two large provinces of Saskatchewan and Alberta.

In our own Northwest, field work has been held up very materially but we recall many years when seeding was accomplished under such trying conditions that it sometimes took three weeks for germination to take place. We expect that with mechanical devices and the fine soil conditions, once the seed is planted this year, it may come up very quickly, and possibly some of the loss may be made up. Our own shipments of wheat and flour during the past week were very small, only 2.6 million bu having been cleared. The total since July 1st has been 257 million bu, a reduction of 176 million bu from last season, and very likely the forecast of a total shrinkage of 200 million bu will be realized.

Primary receiptsof wheat amounted to 795,000 bu compared with 886,000 bu last week, and 1,277,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 64,000 bu.

Markets were all very firm at times, although at the start wheat prices were lower, paying attention to the government report issued yesterday. Later, with not much pressure, our prices advanced, although there was not much help from either Kansas City or Minneapolis, with these outside points lagging to some extent. Brokers with northwest elevator connections were good buyers of July corn during most of the session. We also understood that four cargoes of corn had been worked to Austria, although we do not have details. Beans were quite strong early, but there seemed to be profit-taking, and there was also some selling of May against buying of July, with the result that the nearby future went to a good discount. Generally speaking processors to whom we have spoken are not too happy at the present high levels, and they continue to complain that the conversion is not profitable.

There is some talk in Washington of a possibility that we shall swap American cotton for foreign soybeans, but the whole transaction is vague, and it is not even sure that the deal will go through.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 12, 1950.

We consider the overnight news on beans as somewhat bearish. First of all, with the situation at home rather closely balanced, any extensive export business would naturally have been a stimulating factor. As it turns out the government is sending some lard to Germany and while quantities are not regarded as too large, at least it releases some demand that might otherwise come into the bean market. Also, the swap yesterday for American cotton with Manchurian beans will mean shipment to Japan that might otherwise have been taken from American stocks. Thus, we are only going to require enough for the balance of the season to take care of home needs. Somehow or other price is a great regulator, and at this level the processors are not finding it very attractive to grind soybeans. Several of our friends have told us that there may be quite a contraction during the next few months unless there are readjustments that work out more favorably than those presently existing.

As far as wheat is concerned, about the same factors prevail and weather has now turned clear in most parts of the Northwest and Southwest. There has probably been enough moisture in Oklahoma to carry the crop through to maturity in those sections where precipitation was so heavy. The rain, of course, came too late to bring about a full recovery but we have seen so often that the final yields were better than the May figures, and should not be surprised if the same might occur in the current crop-season. On the assumption that we will raise 725 million bu winter wheat and 175 million bu or more spring wheat, it would still give us a total of 900 million bu, which would not necessitate cutting too heavily into our reserves, and as a matter of fact we can now see a great possibility that the carryover on July 1, 1951, will be larger than it was last July, so that if more normal conditions are in prospect one year hence, the question of surplus will again be with us. May is generally a bearish month and the calendar date for selling wheat is May 10th. This year the scenery did not look nearly as beautiful as it often does at this time of year. However, we recall that in the prewar days, the average wheat crop in this country was only 740 million bu. At that time both consumption and population were smaller than now. Our exports then were likewise smaller, but we find that clearances are gradually being reduced, and as we have expressed ourselves on other occasions, it appears as though the heyday for the big export trade was over.

Canadian farmers have not cooperated with the government's desire to reduce wheat acreage, and according to intentions to plant the cut is only 1%, which is negligible. With 27 1/4 million acres devoted to that cereal, it is almost as high as at any time, and even though there have been some floods retarding planting operations in Manitoba, the outlook generally seems to be quite favorable. Oat acreage of 12 million is 6% higher than last year, while barley plantings of nearly 7 million acres are up 15%. Spring and fall rye is just slightly below last year, but this is not surprising as about the only outlet Canada had for rye last season was the United States, although it looks again as though we might take some of their product again, as the estimate of 21 million bu for the United States is approximately 5 million under usual disappearance. Canadian flax acreage shows a tremendous increase of 55%, and again we say that the farmer likes to utilize his land and is not in sympathy with government proposals to cut acreage unless the incentives are very great.

Primary receipts of wheat amounted to 921,000 bu compared with 832,000 bu last week, and 1,494,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 121,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 964,000 bu.

Markets for the most part were unsettled. There was weakness in beans, which became progressively greater as the session continued, and for a while there was enough buying to prevent drastic breaks. Finally, however, the 10¢ limit on the downside was reached, and this naturally affected other grains. Northwest interests were selling May corn in our market and the present weather seems to be almost ideal everywhere as seeding operations are about to start. Overnight news of government intentions to buy lard for Germany encouraged early investment buying but finally weakness in other markets had its influence here, also. The milling business is extremely light and no encouragement coming from that source. There was very little good milling wheat on the tables in Kansas City and premiums were about unchanged. However, that market is tributary to Kansas and Nebraska where combined production for those states is heavier than it was last

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CHICAGO, 4 May 15, 1950.

Several days of clear weather in the Northwest has permitted the resumption of seeding, and although reports are quite incomplete progress is being made. Scattered sections of North Dakota except in the northeast corner are working and seeding is near completion in South Dakota, although this is not true in the north or the northern half of Minnesota. Central Montana is nearly completed and about 30 to 40% in the eastern portion. The Southwest was mostly fair except around the Texas Panhandle and western Oklahoma. Some of these rains may not do much for wheat but will benefit later spring-sown crops.

We are at a period in which little export business is being consummated except here and there of a small quantity of wheat and flour and sporadic sales of corn. The United States is far behind all other countries in their export sales under the International Wheat Agreement, having yet to sell nearly 62 million bu out of the quota of 168 million. Except for Canada other countries have about completed their quotas and Canada has 31 million bu uncompleted on her 203 million bu quota. Inasmuch as it is up to each country to seek its own outlet, we are handicapped because of lack of dollars in the hands of import countries, and apparently they prefer to use even ECA dollars for the purchase of other products. Canadian farmers intend to sow a full acreage and efforts in Argentina are being made to expand their acreage, also Australia has a large amount of wheat that will not be shipped until the new crop period and has already sold 22 million bu to the U. K. for shipment after August 1st. European crops seem to be progressing splendidly on somewhat increased acreages, so that our chances do not appear bright for liberal export business on the next crop.

The feeding situation promises to continue in its expanded state for sometime as the demand for end products holds up well. Employment is high and although unemployment is greater than last year, in recent months it has been contracting. Industrial activity exceeds last year and in trade and finance the comparison is also mostly satisfactory. Exports are down, which seems to be desirable, and imports are rising. Prices generally in this country are not much different from a year ago; so it would seem that the buying public probably will continue to purchase our livestock products in good volume.

No one can state what the next corn crop will be but the government in its outlook for the crop starts using the prospective plantings, and the 1944-48 average yields by states, and arrives at a production figure of 2.8 billion bu. We must be mindful that the large yielding states in the north central area will have a reduced acreage, while corn located in states elsewhere that have smaller yields per acre will probably increase their acreages. We are currently consuming about 3 1/4 billion bu corn, including about 130 million estimated exports for this season. This large over-all use of corn is well in excess of the government's figure on probable production. Actually we are expecting to feed more corn this season than we promised to raise this summer, and about one-quarter billion bu more than a year ago. Assuming that the outlook is somewhat as aforementioned, and also giving consideration to the fact that the government owns actually around 400 million bu corn from the previous crop, in addition to which about 100 million bu was re-sealed, and a large quantity is currently tied up in support programs, there is no great quantity of free corn available, so that if we have to eat into the carryover next season to continue the feeding program in its present expanded size, price will have to be at a level high enough to keep corn away from the loan. The whole thing seems to hinge on the size of the new corn crop, which will soon be planted.

Activity was of a slower pace and even soybeans moved less freely. Prices closed little different from Saturday. Oats were strong, however.

The wheat visible supply decreased about a million bushels and the total is now 153 million, or 67 million over last year when Enid was not included. Chicago stocks of wheat were 12,000 bu higher and we now have 4,177,000 bu in store. Our corn stocks increased to over 7 1/2 million bu but a good share of our receipts are currently earmarked as CCC ownership. Rye stocks were up as one cargo has been unloaded and another cargo is enroute from Canada to this market. Two small cargoes of rye have also been shipped from Fort William to Duluth. Wheat primary receipts were slightly more than last week at 1,122,000 bu, but less than half of a year ago.

UHLMANN GRAIN CO.

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CHICAGO, 4

May 16, 1950

Northwest reports are somewhat assuring regarding the completion of seeding, but it will be very late in some areas before it can be finished. The Occident Elevator Report states that work has been in progress for three or four days in some areas which they cover in North Dakota but for the most part nothing much has really been accomplished so far in that state. Peavey Elevators say that northeastern North Dakota, including the Devil's Lake area and north Red River Valley in both North Dakota and Minnesota, is just losing its snow cover and recovering from severe flooding. It will take another week as a minimum for general field activity in those districts. They believe there will be no major change in previous intentions to plant, although some acreage will probably be reduced with a moderate increase in the late feed and forage crops probable. The five-day weather forecast for the Dakotas looks for 1/4 to 1/2 inch precipitation coming in the form of showers from Thursday through Saturday. It seems that spring wheat will be seeded right up to June 1st, which apparently is a deadline in the minds of producers. Reports from the Southwest are better and except for areas where the crop was known to be a failure there is more optimism. One grain man in progress of surveying Kansas thinks that 12 to 15 million bu might be added to the last government report, and from scattered areas in Oklahoma and even a small part of Texas west of Fort Worth, better outturns are expected. Our own people after visiting the far Southwest think that farmers will be inclined to sell if they can get around the loan price or above.

The trade and producers in general are awaiting government word on the storage feature of the new loan but until CCC is assured of additional borrowing power, they probably do not see their way clear to issue loan prices or conditions for various crops. Congressional action has been delayed pending the Foreign Aid Bill, but that now seems to be making progress; so before long our legislators will probably tackle this domestic problem.

Foreign crop news is still good, although there is less optimistic comment from France where the wet spring has caused fears of lodging, and it is expected to result in considerable rank growth. For the most part, however, comments on the French wheat crop are favorable. Bulgaria has an excellent prospect following three years of serious drought. Spain needs rain but the general comment on Continental crops continues quite favorable. Harvest is about completed in Northwest India and yields are reported to be excellent. Early reports from Southern Hemisphere are favorable from Argentina where soil conditions are satisfactory in most sections with seeding and plowing under way. Australia needs rain in South Australia and parts of Victoria. Otherwise their soil is in good shape, beneficial rains having fallen in West Australia last week.

Wheat and flour exports were officially reported by USDA at 25 million bu for the month of April, and this brings the total to 259 million bu for first ten months of the season. So it appears that the total will run somewhere around 300 million bu for the entire season. This will be 200 million less than last year. Starting August 1st we will go into the second year of the International Wheat Agreement and the U.S. quota will be 235 million bu compared with 168 million bu this season. Most of the increase when Germany entered the Pact was allotted to the U.S. for next year, but thereafter we will give up portions to other countries. However, there are no specific quantities earmarked for individual importers or exporters; therefore, any agreements that are made are outside the International Pact. Canadian authorities are visiting England with the view of trying to sell the U.K. 120 million bu and already Australia has sold 22 million bu to the U. K. for shipment after August 1st. It will be up to us, as it is other exporters, to find our own buyers. We are, however, protected in that no country may exceed their over-all quota and to that extent it gives us some measure of protection. So far this season the U.S. has made a poorer showing than any of the other participants. We have still 62 million bu to sell whereas Canada has only 31 million bu and other exporters have about completed their share. Despite ECA funds we find it difficult to find buyers who are willing to use dollars for our grain. This condition will no doubt continue during next season.

Primary receipts today were 1 million bu, about the same as a week ago, but only one-third of last year when possibly CCC was moving in volume. Stocks in Kansas City and Minneapolis so far this week are just about a standoff.

Some small sales of red wheat are being made to this market and there is talk that there may be some further tenders on wheat futures. Markets tended

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CHICAGO, 4 May 17, 1950.

With weather more favorable in the Southwest, at least stopping further deterioration and showing improvement in other areas, more attention has been paid recently to the weather and growing conditions in the spring wheat territory. Many conflicting reports have been received during the past several weeks, but we are today in receipt of a letter from a friend in the Northwest, on whose judgment we have always had great reliance. He reports that as a whole the weather the past week was as favorable for spring work and that seeding of spring grains, including the reseeding of winter-killed winter wheat, wheat had been virtually completed in central Montana, also that seeding was well under way in the eastern third of the state, with an average of about 40% completed. With favorable weather for a few days he expects that state will be pretty well taken care of. Seeding in southern South Dakota is reported about completed and making rapid progress in the north. In North Dakota, which has been one of the doubtful spots, he reports that seeding is under way in many areas, with the exception of the northeastern quarter of the state and that with a week of good weather probably 80% of the crop will be seeded in two-thirds of the state. He expects it will take another week of good weather to start any work in the northeastern section of that state. Seeding is reported in full progress all over Minnesota except the north end of the Valley, although no work has been done in the flood areas. He anticipates that the river will start dropping but it will take approximately ten days to drain same off the land, and it will then take an additional week or so before the ground is dry enough to work, which would make it early June. Therefore, it is quite problematical whether the flood areas will be seeded to commercial crops this year, and he estimates there are approximately 500,000 acres of farm land involved. Since his letter was written there has been additional moisture in northern sections of the Red River Valley. In northeastern North Dakota, which he terms the "Pothole" country is a regular lake this spring. There will be some seeding done on higher ground but quite a lot of acres will not be dry enough to work until the first part of June.

Taking the situation as a whole, he feels that the Northwest will be fortunate to plant 18 million acres to spring wheat, but, of course, on late planting it is always a question of weather. On 2 or 3 million acres involved, it will be a question as to whether same will escape early frost. It any bad spell ofweather is encountered the 18 million acres anticipated may be curtailed to 15 or 16 million acres. It is rather difficult to anticipate what growing conditions might be. Warm weather during the middle of summer would be helpful in forcing the crop, but as a rule such weather usually reduces yields. While 14 bu to the acre may look high in view of the fact that seeding is the latest on record, good yields have been produced in past years when the crop has been late in going into the ground. At the moment he feels as though prospects with any favorable weather developments may be placed at 225 to 250 million bu.

The Canadian government report states that Saskatchewan is about 25% seeded, with practically no work completed in the southeast, while up to 75% finished in the northwest. In southeast Alberta, most of the crop is in, and the other areas of that province work runs from just starting to half completed. In Manitoba warm weather is required to dry up excessive moisture if seeding is to become general by the end of this week. Generally speaking, surface moisture is adequate.

From our own offices in Illinois we are informed that farmers are getting the ground ready for beans and corn. Some beans are sown and a few farmers are planting corn, but everything will be at full blast betwenn May 20th and 25th if weather remains favorable, which is the date suggested to eliminate the greatest danger from the corn borer.

Primary receipts of wheat today total 339,000 bu vs 431,000 bu a week ago, and 1,429,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 23,000 bu.

Flour business still continues at a rather low rate with small lots comprising most of the business. New export sales are practically nil.

With improved weather, wheat seems to need a new incentive at the moment, but one cannot lose sight of the fact that the farmers are anticipating prices to net them at least the loan value when the new crop starts moving.

Beans continue to act erratic with good support coming in on breaks.

UHLMANN GRAIN CO.

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CHICAGO, 4 May 18, 1950

Broomhall estimates the U. S. exports of wheat and flour for last week at 2,710,000 bu, bringing the total since July 1st to 260 million bu vs. 443 million, the comparable period last year. There seems to be some lag in his figures, and probably some adjustment will have to be made as the official government figures stood at 259 million to the end of April. However, using Broomhall's estimate it shows the terrific lag in export business this year, and with about eight weeks left of the old-crop year, exports would have to average practically 5 million bu a week to bring the total for the season to around the 300 million-bu mark. Meanwhile, new export bookings are practically at a standstill. This is quite a reversal of what normally used to take place before the introduction of the International Wheat Agreement, subsidies, and control of the carryover mainly in the hands of the government organization. When more freedom and latitude of price existed importers would be busy contracting for shipments of new-crop wheat. Any importing nation needing supplies to carry them through the balance of this crop-year, knows full well that the CCC has the wheat available and, therefore, they do not have to be concerned about their supplies.

Up to a few days ago subsidies had only been granted through July 31, 1950. However, yesterday the Department of Agriculture announced rates up to July 31, 1951. Through June 10th the subsidy from the gulf to European ports has been named at 67¢, while from June 11, 1950 to July 31, 1951, the rate will be 55¢. On the East Coast the subsidy is 64¢ for the period ending June 10th of this year, and from there to July 31st of next year, 53¢. While this furnishes a basis for the importers, nevertheless, the urge to consummate any large business is lacking due to the fact that everyone realizes that the wheat is on tap as far as government holdings are concerne The Agricultural Department further announced that Germany is now eligible for subsidy under the IWA up to approximately 66 million bu. It is contemplated that most of this amount will still be supplied for the coming year by the U. S., although after 1951 their proportion will be less.

We still receive reports of improvement in the winter wheat section where damage had not been irreparable. One of our men, who recently drove from Enid to Colorado, finds that northwest of Enid and to Alva, wheat looked exceedingly promising. However, from Alva through the Oklahoma Panhandle wheat was in very poor condition and he did not judge that rains could do much good. He also found a very poor condition around Liberal in the southwestern area of Kansas but from there North due to considerable summer-fallowed wheat rains can be of material benefit. He feels that moisture the past ten days has been particularly beneficial around central and southern Oklahoma and that if proper conditions exist between now and harvest the next government estimate will have to be somewhat raised.

We again hear from Illinois that farmers are hard at work the past few days putting in every hour possible planting beans and corn. Strange as it may seem after such a wet spring they are talking about dry topsoil conditions and that another rain would be welcome.

The Office of Foreign Agricultural Relations of the USDA, in reviewing the world meat production, states that exclusive of the Far East meat production in the principal livestock countries of the world in 1949 was 5 % above 1948, and this is largely attributed to an improved grazing and feed grain situation, as well as to the larger numbers of livestock on farms. Meat production in Europe due to more plentiful supplies of feed increased 13% over a year ago. Based on favorable conditions the outlook is for a still further increase in 1950.

Primary receipts of wheat today totaled 800,000 bu vs. 795,000 bu a week ago and 2,025,000 bu the comparable day of last year. Kansas City and Minneapolis wheat stocks show a net decrease of 80,000 bu.

There was very little general news of interest to the grain trade today, and trading was of a quieter nature. Although some rains are predicted for the Northwest, particularly North Dakota, where seeding has been greatly delayed, little attention was paid to this factor, as milling demand is quiet, exports nil, and there seems to be no great demand for cash wheat.

Some wheat seems to be headed to Chicago for delivery purposes but so far quantity is not large.

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CHICAGO, 4

May 19, 1950

The Bank of Montreal in their first crop report on Canada, dated May 4th, stated that in the three Prairie Provinces unseasonal climatic conditions have retarded land operations in Alberta. Snow and cold weather delayed seeding although in the southeastern areas same was well under way. Surface moisture conditions are reported generally good with subsoil fair; a slight reduction in wheat acreage is anticipated. In Saskatchewan as of the date of the report work was well under way in the southern half of the province, while in other districts clear and warmer weather is needed to dry fields. However, they did anticipate that seeding would be general about the middle of May. Manitoba in the early part of the month reported only limited preparation for seedbeds had been accomplished due to floods, excessive moisture, and low temperatures, and very little seeding looked forward to until around the middle of this month. They anticipate that with proper weather conditions total acreage will be approximately equal to that of 1949.

In this country, the Montana weekly crop states that planting was accelerated rapidly during the past week as the ground had dried sufficiently for working. As of May 13th, they estimate that 50% of the spring wheat had been planted and that with two more weeks of warm, dry weather planting operations of all spring grains should be virtually completed. The five-day forecast for North and South Dakota suggests some scattered showers Saturday, Sunday, and again Tuesday night or Wednesday. One of our good friends in the Northwest wires that in the northeastern third of North Dakota and adjacent areas in Minnesota very little seeding has started, while the balance of North Dakota is probably only 30% completed, and at this time it looks like a large acreage in that area will have to be seeded after the first of June.

For the week ending May 16th, sales from this country under IWA totaled 1,875,000 bu as wheat and wheat equivalent. This brings the total quantity as of that date to 108 million bu. However, this figure does not include any adjustment for amounts that may have been shipped to Germany, which is now a participating country. The original quota given the United States under IWA was approximately 168 million bu. If we add to this 66 million for Germany it would bring same to 234 million for the season. Therefore, in trying to adjust these figures there is still 126 million to be exported this present crop-year under IWA less whatever has been shipped to Germany, and this in turn will increase the quantity sold, which presently is reported as 108 million bu.

No announcement has yet been made of the 1950 wheat loan and no definite decision has been given as to whether the farmer will receive the full loan benefit similar to past years or whether the loan will be subject to a 10¢ storage deduction. The law requires the loan to be at 90% of parity but the above interpretation is still to be rendered. We presume that final decision will await the granting of the $2 billion additional funds to CCC.

During the past few seasons shipment of wheat for June sold at considerable discounts under the loan rate. This year prices pointed to a much closer comparison and should the new wheat move around loan levels in many quarters it is anticipated that heavier country selling will be encountered rather than the large-scale withholdings, which has been featured in the past few years.

Primary receipts of wheat today total 863,000 bu vs. 921,000 a week ago and 2,078,000 the comparable day of last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 75,000 bu. When the visible is posted on Monday it will be compared with a decrease a year ago of 767,000 bu.

Extreme quietness still reigns in the flour industry and little interest is expressed in export circles in either wheat or flour. There has been a marked decline in the price of mill feeds during the past ten days. Wheat showed a weak undertone during the major portion of the session but later stated recovery on the strength in beans. There was no particular news to affect the latter grain but locals seemed to be on the buying side and violent price swings are still in evidence. The government continues to offer some corn for export but at prices somewhat over the ruling cash markets. Field work in the corn-bean territory is being pushed with full speed ahead and it appears as though the full acreage anticipated will be seeded to corn and beans within the very near future:. We hear of more wheat being moved to Chicag for delivery purposes against May contracts so far in just moderate quantities.

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CHICAGO, 4 May 22, 1960

Weather was mostly favorable over the weekend. There were some rains in parts of Texas and other sections of the Southwest, while it was mostly dry in the spring wheat areas. Our weather man does not look for much moisture immediately, while in the corn belt there have been some additional rains which were very welcome, as topsoil had become dry. Even with all the precipitation we had previously, there were some complaints that the topsoil to a depth of 4 or 5 inches was dry as a bone; therefore, the relief is extremely welcome. Canada, of course, is still having its problems, and the Red River has been flooded to a higher level than has been seen in eighty-nine years. A dozen towns and villages from Winnipeg to the International Border had been completely evacuated. According to Searle Grain Co., Ltd., thousands of refugees from those towns and villages have poured into Winnipeg, while hundreds of square miles of agricultural land are under water. While this is an incredible situation, still from an agricultural point of view we must look at the picture from a broader angle, recognizing that Saskatchewan and Alberta are still in pretty good shape. Consequently, it looks as though the Western Provinces might have a good crop based on early conditions. In our Northwest the situation is quite spotty. On higher land even where moisture was heavy, fields are being planted but many low spots are still filled with water and thus we may finally have a heavy cut in acreage as the season is already late. A North Dakota experimental station estimates that fully 15 to 18% of the land that ordinarily would have been planted in the Red River Valley will not go into crops unless it goes into some forage. Therefore, we are going to have to cut estimates considerably from early indications, and also figure that even where seeding had been undertaken the crop may have to stand additional hazards of warm weather in July, and a frost later, which is quite a different condition from that ordinarily to be expected at this time of year.

All this, of course, refers only to the current crop-year and our government figures that an additional 12 1/2 million acres new farm land may be developed over the next ten years through private and public action by drainage, flood control, and irrigation. It will occur mainly in the lower Mississippi Valley and Coastal Plains of the South and in the West. Feed grains have been very strong during the past month, despite the fact that April 1st stocks of corn, oats, and barley totaled 68 million tons, which was 4% more than the previous record a year earlier and 43% larger than the 1943-47 average. The reason, of course, is that a large part of the feed grain supply is under government loan, particularly in the cash grain areas, and with the high rate of feeding indicated the feed-supply situation is apt to continue rather tight until 1950 harvests or until prices reach support levels.

When the visible supply was posted there was a pretty heavy decrease of 4.6 million bu, the total in all positions is 148 3/4 million bu compared with 85.4 million last year --at that time Enid was not included. Corn decreased 562,000 bu, leaving 42 million in all positions compared with 10.9 million last year. Oats decreased 687,000 bu, reducing the total to 10 1/4 million against a stock of 2 1/2 million bu last year. Here at Chicago, wheat was about a standoff, but there is more than 41 million bu of wheathere. Local stocks of corn increased 425,000 bu, while oats decreased 61,000 bu and beans decreased 67,000 bu.

The Baldwin Elevator Co. spoke of improvement in wheat, but yet modified its views to the extent that the high yields of recent years were out of the question. We believe, however, that in the Southwest considerable improvement has taken place, and when the next government report is made the figures should show 30 to 40 million bu more than those published by the government in May.

Today was the last day for trading in May futures. Corn and oats were strong, but May wheat showed some weakness, and apparently was influenced by the fact that some grain is being brought to this market for delivery, and tenders during the month probably have been heavier than had been anticipated. Milling demand is still very slow, but yet stocks on hand are small, and there could be some pick-up before long. However, with the big premium existing over new-crop futures most people in the trade are waiting as long as possible before replenishing their supplies. There continues to be some rye brought in from Canada, the amounts are not big, but in any case this has been a retarding influence on the market, and new buyers are cautious, depite the fact that thet cereal is selling lower than last year, while practically all other grains are higher. Beans were firm, but like other grains, were somewhat influenced at times by the weakness of the leading cereal.

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CHICAGO, 4

May 23, 1950

It was almost a foregone conclusion that after the May futures had expired trade would be somewhat lighter, and it seems that in wheat this will undoubtedly be the case unless there are very great changes in the crop outlook. For the time being we must bear in mind that with the improvement which has taken place in the Southwest, also in the red winter wheat belt, there may be an addition of 35 to 40 million bu to the figures given us by the government on the 10th of this month. Therefore, we might easily raise a winter wheat crop of 725 million bu, which would be practically as much as the total wheat production in the ten years prior to the war, when we averaged about 740 million bu. However, it is still a great reduction from earlier prospects, and also, from the results obtained during the past six or seven years when yields were so heavy. Of course, this season, we have had acreage allocations but besides that abandonment has been larger than in recent years, but still when we add the probable spring wheat crop, total results will still be very satisfactory. It is difficult to say at this time how large a crop we may have in the Northwest. Early indications are that seeding operations have been seriously delayed, particularly North Dakota, and according to one crop report that came out this morning some sections are not more than 5 to 35% completed, but this we believe is the poorest part of North Dakota, while farther West as much as 90% of the crop has been planted. Conditions are better in Montana and considerably more was accomplished in that State, also in South Dakota, but the latter does not have the heavy acreage.

Our idea at the present time is that with 450 million bu in the carryover reserve, a large part of which is impounded, the government will be the dominant factor in the export field during the coming season. Therefore, we shall not have the buying source and the removal of hedges which occurred last year and the year before when the heavy gulf accumulations were taking place. By the same token with much smaller crops in Texas and Oklahoma, there will not be the pressure from those states, and as we understand it farmers are not too eager to sell. Under these circumstances fluctuations in the market may not be heavy. We still do not know whether the government will assume storage charges on loan wheat, as has been the case previously, or whether the farmer must assume it. Figuring, however, that this is an election year, and that everything will be done to make the producer happy, we assume at this time that the probable loan will be about $2.25 Chicago. All wheat futures are selling somewhat under that level, and, therefore, we do not see much attraction to the short side of the market except that when the movement is on, there may be periods of temporary depression. On the other hand when wheat gets to the loan price or a little above, there is nothing very bullish in the situation either. For that reason, markets may have a somewhat narrower range than would otherwise be the case if we had less government control.

There is some rain indicated for the Northwest but our weather man believes that these showers, if they occur, will be light and scattered, and, therefore, not particularly harmful to field work.

Information came to us that the Brazilian corn crop was expected to reach 236 million bu, which would then provide a substantial amount for export. The prewar average was only 215 million bu, the same as last year's yield. Brazil also has an exportable surplus of about a million tons of rice, and the government has decided to permit exports of that article.

Primary receipts of wheat today totaled 1,211,000 bu vs 1 million bu last week and 2,275,000 bu on the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 45,000 bu.

There was no particular feature to the wheat market today. Flour sales are being consummated only on a moderate volume although inquiries indicate some pick-up in bookings in the near future. While awaiting further developments, we look for wheat to remain more or less in a trading range with declines somewhat limited and advances which could take the value close to the loan price.

Argentine oat prices have advanced about $3 1/2 per ton and understand that exports will be controlled by permits.

Weather in the corn states is favorable for field work and for germination.

UHLMANN GRAIN CO.

[illegible] May 15, [illegible]

It was almost a foregone conclusion that the May [illegible] report [illegible] would be somewhat better, but it seems that with wheat this will [illegible] the [illegible] there are very great changes in the crop outlook, [illegible] we must bear in mind that with the improvement which has taken place [illegible] wheat, also in the red winter wheat area, there may be an addition of [illegible] but to the figures given us by the Government on the 1st of this month, [illegible] winter wheat crop of 725 million [illegible] production in the winter wheat [illegible] we [illegible] about 750 million [illegible]. However, it is still a great [illegible] prospects, [illegible] the results obtained [illegible] Of course, this [illegible] we have a very [illegible]

[illegible] the spring wheat crop [illegible] still be very [illegible] it is difficult to say at this time [illegible] in the Northwest, [illegible] that [illegible] conditions [illegible] and [illegible] some sections are not more than [illegible] and this we believe is the [illegible] North [illegible] as much as [illegible] Conditions [illegible] in [illegible]

[illegible] of the present time is that with [illegible] very [illegible] the [illegible] field [illegible] the [illegible] which [illegible] the heavy [illegible] would [illegible] the present [illegible] in the [illegible] would [illegible] However, [illegible] we [illegible]

[illegible] a [illegible] we [illegible] that [illegible] the [illegible]

[illegible] there is [illegible] condition in the [illegible]

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[illegible] million [illegible] crop [illegible] which would [illegible] amount [illegible] was only 2 [illegible] year's [illegible] that [illegible].

[illegible] Kansas City, [illegible] net increase [illegible].

[illegible] in the [illegible] we look forward [illegible] in a [illegible] which [illegible]

[illegible] that [illegible]

[illegible] in the [illegible] is [illegible]

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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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141 W. JACKSON BLVD.

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CHICAGO, 4

May 24, 1950

As is usually the case, bad news travels faster than good news. There has been only passing comment concerning the winter wheat prospects since improvement has taken place following the moisture. While everybody probably agrees that 30 to 40 million bu has been added to the estimates given out earlier this month, more attention now is directed to the Northwest where the crop started poorly. Some acreage has not yet been planted, although we have an idea that with present high prices farmers may even take a chance and put in some wheat after the land dries out sufficiently instead of putting it into forage or leaving it idle. We recall the many pessimistic reports we heard last season with respect to the Canadian crop, yet the acreage was fairly large, and the final results not nearly so bad as had been anticipated earlier. Nature is often provident, and chances are that it is too early this year to give up hope, but at the moment there is nothing very encouraging from the Northwest, and we have to admit that conditions later on will have to be above average to give us even fairly good results.

Seeding had made fair progress in eastern Montana, southwest North Dakota, and South Dakota during the past week but virtually no work was accomplished in the eastern half of North Dakota or in northwest Minnesota. Overnight weather in the Northwest was fairly good, with hardly any rain reported, although there is a chance for some scattered precipitation in Minnesota. One of our good friends wrote us that if the weather holds favorable until the middle of the week, farmers may be able to get back into the fields. That would leave one week for seeding during the month of May unless further rains set in. We must also remember that with better machinery and implements farmers may be able to get a crop in the ground quicker than they used to. But yet the ground is soft and tractors may bog down and machiner would even break because of heavy pulling unless the land dries out better than it has up to this time. Undoubtedly producers would be willing to work twenty-four hours a day if conditions were right, but it looks to us too early to make forecasts yet on spring wheat with such uncertainties.

Even the government will have a difficult time making its estimate in June, but we are already prepared for a considerable reduction from the earlier figures, and still cannot forget that the carryover of 450 million bu, which is likely to be on hand July 1st, will be practically double the usual one in the prewar era.

Broomhall's European crop summary was quite favorable with the possible exception of Spain. In that country dry conditions have prevailed for some time and the outlook is poor for most grains but in the U. K. it is now turning warmer after an unseasonably cold stretch which affected growth. Prospects in France are good for wheat and the condition has been maintained. Moisture supplies are satisfactory in most sections. Likewise prospects are promising in Italy and an official forecast places the wheat yield at 260 million bu, which would be slightly below last year. This is offset by somewhat larger crops being indicated for oats and barley.

In the corn sections of our country topsoil is still dry and good rains would be very welcome, despite all the moisture we had early in the season.

In Illinois, a little over one-third of the corn has been planted compared with 75% planted at this time a year ago. Heavy rains that we had early padded the soil down and with drying winds later it has created a situation not too good for seedbed preparation, and some claim that there is not enough moisture for rapid germination. This may have had some influence on the market today, particularly with so little pressure on any of our cereals that advances occurred in all pits.

Primary receipts of wheat today amounted to 532,000 bu compared with 339,000 bu last week, and nearly 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 49,000 bu.

The Kansas State report was favorable, talked of rains that had occurred during the week, which were beneficial to all crops, and resulted in an improvement in wheat in practically all sections of the state. However, little attention was paid to that. Soybeans were extremely strong, having advanced 10¢ per bu for the July delivery, which naturally had a bullish impact on other grains. The milling demand might be slightly improved, but nothing very important yet. A good many buyers apparently are waiting until we get closer to the new crop.

There is still discussion in Washington as to when the $2 billion additional borrowing power will be granted to CCC. At the moment, there is a move in Congress to try to put flexible supports into effect this year, but we doubt very much with the election ahead whether there is going to be a change in that direction.

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CHICAGO, 4

May 25, 1950

According to BAE, the retail cost of farm foods per family of three average consumers has risen to $615 per year. This is about 5% lower than it was a year earlier but has been stepped up lately owing to the fact that there has been a recent rise of 9% in the retail cost of poultry, eggs, and other dairy products. All this, of course, is having quite a bearing on the high cost of living, but yet one would be wise to consider that if every farmer in this country sold his farm, his equipment, and his livestock, the total would amount to $25 billion. This sum of money would not be sufficient to run our government for more than about seven months. Looking at it in another way, if every industry converted its net working capital into cash, the total would amount to only $39 billion, which would just about satisfy the running expenses of the government for about eleven months. Thus we can see that we are geared on a tremendously high level. Actually the cost of government annually is about $20 more per person than the cost of food. In 1945, which is the last year for which we have comparative figures we spent $55 billion for taxes, $52 billion for food at retail. If everyone in this country cashed in on his life insurance policy, the total would amount to about $44 billion which would not be enough to run the federal government for one year.

Under these circumstances, it is quite natural that there is a good deal of talk about inflation, but by the same token it remains to be seen whether the upward spiral will extend toall products, including those which are being overproduced. For that reason the government has found itself in the role of asking for acreage allocations for various commodities, and even with a reduced crop of wheat in this country, there does not seem to be much of a shortage, and actually we look for the carryover reserve one year hence to be greater than it was in the ten-year average period prior to the war.

First prices this morning were quite strong, and the carryover feeling from yesterday was somewhat bullish owing to the fact that July soybeans had closed at the full permissible limit and after the end of the session there was an announcement from Washington that the government had apparently liquidated its inventory stock. This does not necessarily mean that they will re-enter the market at present levels and buy more; in fact, we believe that some of the recent swaps of our cotton for Manchurian beans, as well as shipments of lard to Mexico and to Europe, have probably been intended to relieve the strain on beans as the latter cereal has advanced nearly $1 per bushel during the past six months.

Overnight weather was quite satisfactory for wheat and even for corn. There had been no additional precipitation of any consequence in our Northwest; likewise, the forecast does not indicate much moisture, rather clearing skies and lower temperatures are expected, while in Iowa there had been quite a little rain already, which is good for corn and this will probably extend to other corn states which have complained recently that topsoil was drying out.

There is nothing new yet on the government loan for wheat to take care of next summer's crop. Some talk that conditions will not be altered from those that previously prevailed, which would mean that the government would still continue paying farmers 7¢ storage if grain were held on the farm. This was always intended to keep wheat from coming forward too fast, and likewise it is expected in most circles that terminal storage charges will be assumed by the government rather than passed back to the producer. On basis of present parity prices if all these surmises are correct the loan will probably not be much different from the level of last year.

Broomhall's figures on wheat and flour exports from the U.S. were 3.6 million bu for the week. This brings the total to 263 million bu compared with 453 million similar period a year ago, or a reduction of 190 million bu.

Primary receipts of wheat amounted to 674,000 bu, compared with 800,000 bu last week, and 2,137,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 159,000 bu.

There was weakness at times in wheat, but this cereal could not help but feel the effects of the tremendous strength in beans, and later in the session there were some feeble rallies with the July delivery showing comparative strength. As for beans, there was said to be 165,000 bu ordered out of one of the elevators here in town, presumably for a processor, and with higher prices for both meal and oil there was never much weakness in the futures market, despite the fact that cottonseed oil was not particularly gimpy.

Corn was inclined to be somewhat indifferent probably influenced by the prospect of rain in Illinois and Indiana. However, there was no great weakness, although a little more pressure on the deferred months than on the nearby futures.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

May 26, 1950

A free market system is perhaps the most essential ingredient of a voluntary economy. The sole purpose of economic production is to cater to the wants of consumers and thus to satisfy the wants of both producers and consumers. In this day, when so much is heard about agricultural price supports, we forget quickly that the delicate free price mechanismhas worked miracles in guiding workers into every branch of the economy, and also, in guiding the use of raw materials and other resources, according to the wishes of consumers. Without this freedom to express his wants and thus to have a hand in guiding production and consumption, man can hardly be called "free." For a time price supports for agricultural products may prove effective, but at least it should be recognized that such a policy must use its taxing power to make up losses, and possibly conceal errors for a longer period, but in doing so the bill for services rendered naturally goes to others.

When our market opened this morning, there was considerable activity in the soybean market, and the opening range showed fluctuations of 9¢ a bu for the July future. Apparently some commission-house selling had to be absorbed but this had very little immediate influence on other grains, and as a matter of fact wheat at first held comparatively steady considering the ideal weather that had been reported overnight. It was mainly clear in the Northwest, while in Kansas rains ranging from 1/2 to 2 inches were quite generally reported. There was also moisture in parts of Oklahoma and the Texas Panhandle; so there can be little doubt now that the next government report will show considerable improvement over the May report, which indicated about 690 million bu winter wheat. As for the Northwest, it is extremely difficult to have very pronounced views, as acreage is bound to be cut materially, and a good many farmers will not seed wheat after the 1st of June. We might end up with only about 16 million acres spring wheat, although from what we hear from different sources, a large part of the cut may be in Durum varieties. On the other hand we should not overlook the fact that moisture conditions are excellent, and as one of our friends points out, guessing a yield of 14 bu per acre would not be out of line at this time. This would give us a spring wheat crop of 225 million bu, and with a little luck even that yield might be exceeded. Naturally unfavorable conditions or an early frost might have the reverse effect, but we can at least see the possibility of raising all told 950 million bu wheat next summer, which would not be at all bad, taking into account the catastrophies that have befallen the crop. Rains in the corn belt did not cover all areas, but at least must have improved conditions in many sections; therefore, fewer complaints are likely to be heard. Reports are almost universal that the increase in the bean acreage will be big and according to the various locations reporting, the addition may range from 15 to 30%, as compared with last season.

There is still nothing definite on the bilateral wheat agreement now being negotiated between Canada and Britain. We understand that Canada was willing to reduce the selling price substantially from the $2 level, but that Britain was insisting on a bigger price cut than Canada was willing to accept.

Primary receipts of wheat amounted to 666,000 bu. This compared with 863,000 bu last week and 3,487,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 210,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 1 1/4 million bu.

Trade was fairly active and as the session progressed more attention was paid to the extreme weakness in beans with the July delivery at one time selling down the full 10¢ permissible limit. Flour business is very disappointing and was said to be almost at a standstill. IWA sales, including 1/2 million bu in the form of flour, amounted to 4.5 million bu. There is still 93 million bu still to be shipped to complete our 235 million bu quota including wheat destined for Germany. Canada has only 28 million bu still to sell while other exporting countries are practically finished. According to Broomhall the French crop may amount to around 328 million bu which would be considerably more than last year when their yield was estimated from 275 to 295 million bu. Weakness in beans was occasioned by talk that some stocks east and south of here might be brought back to Chicago due to the poor export outlet.

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CHICAGO, 4 May 29, 1950.

Weather over the week-end was highly satisfactory. There had been a considerable amount of rain in parts of the Southwest, which is naturally beneficial for the Kansas crops, and also is adding millions of bushels to Oklahoma, although in some sections may be delaying harvesting operations where cutting had already started. There was also some moisture in a few points in Illinois, but otherwise over the corn belt precipitation was inconsequential. Of greater importance was dry weather whichprevailed in our spring wheat belt, also in Canada; therefore, they have had a period of relief, and from reports that come to us there may be a considerable amount of seeding even after June 1st, so that it is doubtful now whether the reduction in acreage will be as heavy as had been earlier expected. Temperatures have been a little on the low side. Seeding now has made fair progress in the late areas, and it is difficult to say how much acreage will finally be sown, but certain areas in the Red River Valley probably remain barren, which brings up the question as to how ineffective some of the farm relief programs really are in times of disaster when the producer needs help the most. On wheat not planted it makes very little difference whether parity is $2 or $4 a bu; nor would a high or low loan rate based on that parity be of much assistance either under such conditions. As we understand it government crop insurance does not cover farmers where seed cannot be put into the ground, and consequently,when those farmers really are in most need of government money, they are completely forgotten, while in other times or in other sections those who through use of better seed and fertilizers probably get more than was originally intended under the parity concept because more bushels are being raised per acre due to better farming habits, improved fertilizers, better machinery, etc.

It now looks as though France would have a carryover of about 35 million bu, and in addition to that is going to raise a good-sized crop, part of which may be available for export. All in all it tends to show that requirements from abroad are likely to be considerably smaller this coming season, and Canada is already worried on that score even having some difficulty now arranging for the sale of her wheat to Britain.

In Oklahoma where the arrivals at terminal markets are still small, a fair proportion of the grain seems to be coming on the market rather than being impounded, and chances are that as long as farmers are able to get about the loan price this will be the case. The loan should have been announced before now but is being held up due to the fact that the addtional $2 billion borrowing capacity has not been voted by our Senate. It looks, however, as though we will again have a 90% loan, based on June 15th parity. Therefore, it might amount to an average price of about $1.94 on the farm. The storage charge allowance probably will be made but this is not definite. Weather is the big question mark in predicting this year's outcome, although we are fully convinced that the next government report will show a big improvement for winter wheat as compared with the May estimate.

Mild attention was paid to a report that 17.1 million bu soybeans had been crushed at mills during April, and that stocks of beans held by mills amounted to 41.6 million bu. While it looks as though there would be enough to go around, still there is no indication of a big reserve. Total crushings for the season amounted to 119.6 million bu compared with 111.9 million the season earlier.

When the visible supply of wheat was posted, there was a decrease of 1 1/2 million bu. Total stocks in all positions are 147 million bu compared with only 86.6 million bu last year. At that time, Enid was not included. The corn visible decreased nearly 1 1/2 million bu dropping to 40.6 million bu against 10 1/4 million bu last year. There was an increase in oats of 502,000 bu. The total is now 10.7 million compared with nearly 8 million last year. Here in Chicago we had an increase of 111,000 buin the wheat stocks. Corn increased 344,000 bu and oats increased 408,000 bu. A slight decrease was registered in beans.

Trade was rather moderate today and there was more or less a holiday feeling with a good many people apparently away from their offices. The wheat market held reasonably well considering the fine weather although the near crop positions lost some ground on December. At the start corn was somewhat hesitant but later recovered and there is still no pressure. There were not the big fluctuations in beans, but yet there was some buying on breaks with the result that the market closed fairly strong. Oats were also very firm. The July delivery gaining ground, and it is felt that a considerable acreage that had been intended for this cereal may not be planted in some of the northwestern districts where weather has been adverse. UHLMANN GRAIN CO.

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CHICAGO, 4 May 31, 1950.

Weather over the holiday was mostly good, and this had some influence on wheat prices when our market opened this morning. There had been a few fair to moderate showers Southwest, also some rain along the Canadian border, but we heard of no complaints that seeding conditions in the Northwest were being further impeded. Chances are that much of the tail-end work is now catching up with the hope that maybe 17 million acres may finally be planted in northwest areas. Precipitation over the corn belt was light to moderate but should be of some help, and the five-day forecast suggests more moisture, which, of course, would be good. From Europe excellent crop reports are being received, and this no doubt will have a definite influence on import requirements of these European nations, with England already showing a very independent spirit, which has been vocally expressed in her dealings with Canada. The Canadians have not yet decided to take the full decline in price which the British are demanding, but apparently the level will be 35 to 50¢ a bu lower than last season if a long-term contract is entered into and England has in mind that she can get her wheat somewhere around $1.50 a bu at Canadian ports. This shows what difficulties we may have even granting that large quantities will continue to go to ECA countries, and also two nations under our domination: namely, Germany and Japan, which are getting their supplies irrespective of price.

Here at home naturally the artificial factors are still with us, and as long as we continue to support markets through outright purchase or through the loan, we can hardlyfigure on any sharp breaks except possibly after harvest when there is a fair amount of pressure from first hands. The Santa Fe report this morning was rather pessimistic, and spoke as though little improvement had taken place in Kansas since the government figures were compiled, and they talk of 154 million bu for that state with some grounds for believing that the crop might finally exceed that figure. They are likewise not counting on much of an increase for Oklahoma, which is contrary to many of the reports we have had through other sources. Time alone will tell who is correct but we shall not have to wait too long, inasmuch as the government's June report will be issued on the 10th of next month, and before that time there will be one or two private estimates given to the trade. In addition to the news just recited, we had great strength in the soybean market this morning, much of the bullish sentiment probably having resulted from the recent estimates of heavy grindings leading to the conclusion that our carryover reserve would be quite small. Also, three of the four corn futures sold at a season's high, and it now looks as though we would not be able to produce enough during the coming crop-year to take care of domestic requirements, even though the first reports from the field are very optimistic in character. Should we raise only about 2.8 billion bu, it would probably mean that we would cut rather heavily into our accumulations, possibly to the extent of 400 million bu in the season ahead.

As for spring wheat observations, there is still great uncertainty as to final results. Whenever conditions have been this spotty, it naturally makes guessing more hazardous. Peculiarly enough, with all the wet weather there is still a need for rain in central Montana, and possibly inother sections, while in the northern sections of North Dakota, even leaving out the Red River Valley, seeding operations have been retarded, due to the fact that temperatures were rather low and the land was slow in drying out. Progress was particularly bad in the northeastern quarter of North Dakota and in northwestern Minnesota, but elsewhere many farmers reported that they were able to finish their seeding, and with some improvement in temperatures a lot of grain that is in the ground, and which has germinated, should make rather rapid progress.

Primary receipts of wheat amounted to 1,375,000 bu compared with 532,000 bu last week, and 1,407,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 25,000 bu.

Wheat was a little timid at the start and gains were moderate, although later in the session there must have been considerable short covering, and we had a very firm close. The fact that beans sold practically up 10¢ for the July delivery, naturally had some influence, also, as we mentioned earlier, the strength in corn, but altogether there was not much pressure and the line of least resistance seemed to be on the long side of the market. Carrying charges in wheat widened fractionally, and there was some changing between July and December at 4¢. The Kansas City market was draggy.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 1, 1950.

After the close yesterday the government issued figures on May parity prices, and there was a sharp advance amounting to 3¢ a bu for wheat, which would mean that if there is no decline during the month, the loan price next season will actually be higher than it was last, indicating that we cannot yet overlook inflationary factors. If the loan were based on present parity it would amount to $1.97 a bu, the average price on the farm, or practically the highest that it has been at any time since this concept originated. As we have pointed out so often in these market letters, while it may be desirable to give the proper purchasing power to the farmer, yet the program as it has actually worked out has contributed materially to the high cost of living in an era of dangerous inflation. It has forced high food prices to the consumer, and thus a self-perpetuating spiral has developed. We should recall that farm loans on wheat were 53¢ in 1938, and were gradually stepped up until they reached $2 a bu. Many people are asking why the farmer should be guaranteed a lush income any more than other economic categories. We, as grain men, have every reason to desire that producers should receive the highest possible price for their products, but on the other hand the market should not be tampered with for the purpose of obtaining artificially high prices without injury in the end to the producer himself, and without detriment to the general welfare.

When our market opened this morning, there were some advances in wheat, and very likely new highs for July beans also had something to do with the bullish sentiment, particularly since old-crop beans sold as much as $1 a bu over the price of the new-crop deliveries. As an offset to some of the factors that were just referred to, there were some wonderful rains reported in the Southwest, and they covered such a wide area that no doubt further crop improvement has taken place. Surprisingly enough, some of the recent reports like the one issued yesterday by the Santa Fe Railway did not confirm this belief, but it is still our conviction that our view will be borne out when the government figures are published later this month. Kansas City, which had been very weak yesterday, showed a little more strength in the early trade, which also may have brought some short-covering into the market, although trade on the whole was not too active. We heard that country elevator buying in the Southwest was equal to about 40% of farmers' marketings, and apparently with the price about equivalent to the loan level farmers will dispose of their grain rather than to hold it.

Some reports from Illinois indicate that while seeding operations for corn and for beans have progressed rapidly, we shall soon be needing rain again, despite all the moisture that occurred earlier in the season. During the past two weeks the supply of soil moisture has been dwindling, and 41% of the correspondents who reported to the State Crop Bureau claimed that there was now a short supply, with the driest sections in the northeast, central, and east central parts of the state. The only sections to report a surplus were in the southern districts. In Iowa farm work had also progressed favorably, although some delays took place because of wet soil conditions following the relatively heavy rains they had.

The Chicago corn-hog ratio for the week was 12.4 compared with 12.9 last week and 14.1 last year.

Primary receipts of wheat amounted to 501,000 bu compared with 674,000 bu last week, and 2,356,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 120,000 bu.

After mid-session all markets turned a little bit weaker, and wheat was influenced by crop improvement Southwest, also the knowledge that we are on the eve of the movement, and hedging pressure is bound to increase before long. Corn, which made new highs for all futures, except July, also yielded some ground, although there was no special weakness. Higher prices were quoted today for both oil and meal, but nevertheless there seemed to be some cash interests who were on the selling side of the bean market. This had more influence than other factors. After reaching seasonal highs the market reacted rather sharply, and there was also profit-taking which brought about the later declines.

UHLMANN GRAIN CO.

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DAILY MARKET LETTER

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CHICAGO, 4 June 2, 1950.

The overnight news was again somewhat bearish, some of the factors being cumulative, and we have in mind that barring too much wet weather Southwest, each day will bring us closer to a larger harvesting movement, which means more hedges being placed. Thus far we find that about 40% of the grain coming to market in Oklahoma is being offered for sale, which is a fairly good percentage because even the balance is not necessarily tied up in the loan. Besides this there must have been considerable improvement in crop prospects. The item we reported yesterday as having appeared in one of the Southwest papers spoke very favorably of the Kansas crop, and we now find that there is the possibility of raising 15 bu per acre, according to that article, which would be only 1 bu less than the ten-year average, while the acreage is 500,000 larger, despite the fact that abandonment has been heavy and acreage allotments were called. The writer goes on to say that the state should produce as much as last year, which would be virtually 164 million bu, and this would compare with 154.3 million given in the last government report. The best area apparently is in the northwestern part of the state, and very likely the good rains that have been received since that time have even added to the prospects; so we might have a very good return considering that at one time the picture was so gloomy. Rains for the moment are holding up harvesting operations in Oklahoma, but there is nothing serious in this, and chances are that in many of the areas which are chronically dry, we can expect clear weather before long.

The current price of wheat, basis Galveston, permits the payment to farmers in the present harvesting areas of nearly 4¢ over last year's loan, which explains the reason that a good portion of grain is being sold. With weaker markets for wheat and beans, this naturally had some influence on corn. Yet when we consider that there is 543 million bu corn tied up under the support program, and that the government has an inventory of 254 million bu, it means that practically 800 million bu has been withdrawn from usual marketing areas. If this continues to be the case it will not provide much free corn in our carryover. Fortunately, there were some pretty good rains reported in Iowa and over northern portions of Illinois, with the prospect that the moisture will spread. Precipitation apparently was more than welcome in view of the fact that topsoil in many sections had become dry. It is too early yet to tell whether the acreage will be cut as much as the government had wished. Therefore, a good many people apparently are a little bearish on the new crop futures, believing that the acreage will still be very good. Were it not for this fact, we doubt that December corn would be selling so far under the probably loan.

France has exported a record of 800,000 tons wheat this season and expects to export another 100,000 tons before the next harvest. The current price is below our level but above the British quotation, which is held down because of the heavy subsidies to farmers. There is some talk that the French government is working with the Germans on trade agreements, which would bring those two countries closer together and would involve the movement of agricultural products from France to Germany. Thus, we can see the danger of individual pacts started by the IWA, and according to a French spokesman, European production of farm products is likely soon to exceed the capacity to consume these goods, particularly if standing agreements should compell continuation of large quantities to be imported from overseas. This is the same as occurred after World War 1 when high European tariffs, foreign exchange difficulties, together with artificial prices in exporting countries, tended to greatly reduce world shipments.

Primary receipts of wheat amounted to 565,000 bu compared with 666,000 bu last week, and 1,585,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 173,000 bu. When the visible supply is posted Monday, it will compare with an increase last year of 2.3 million bu.

Trade was fairly active and recessions were not unexpected. This is the time of the year when ordinarily we get some weakness in wheat while beans have had such a tremendous advance that reactions and corrective measures are probably healthy.

There was talk that some beans might be coming back to Chicago from both New Orleans and St. Louis and we also heard that a processor sold some of his beans here in Chicago but we are unable to verify this statement. Stop-loss orders were uncovered in beans, at one time they sold 10¢ down, but yet the market had a fair recovery later. Corn also showed recuperative power and on the whole the day's trading was most orderly.

DAILY MARKET LETTER

MEMBERS:
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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 5, 1950.

Weather over the week-end was mostly good, although there was additional rain reported in Texas and certain sections of Oklahoma where harvesting operations had been in progress. This naturally delays work but if the skies are clear by tonight or tomorrow, which is expected, it is doubtful whether much if any, damage has been sustained. We also had some nice rains over Indiana and Ohio, which will naturally be good for corn, although we hear of sections in central and southern Illinois where there has not been sufficient precipitation to do much good; therefore, we presume that unless rains occur in that part of the state before long, there may be some complaints. Meanwhile, there are not too many hedges coming into the wheat market, but it is expected that we shall have more pressure before long, and we also understand that there are localities in Oklahoma where anywhere from 75 to 90% of the wheat that is being hauled to country elevators is offered for sale, although our own experience has been less optimistic in that respect, and we quoted on several occasions last week that we found only about 40% of the wheat was being sold. In any case the crop in both Texas and Oklahoma is so much smaller than last year that we may not have too many hedges unless the government carries out its program to furnish wheat for export from its accumulated stocks. We have heard repeatedly that this was their intention, and no doubt they have in mind that with the difficulty encountered in securing the additional $2 billion borrowing capacity for their operations, it might be well to reduce inventories wherever possible. On the other hand, we also recall that they had agreed to reduce their corn holdings, and as far as we can tell not much corn has been sold for export except through private hands, which brings up the question as to whether the government really is going to push business in an effort to reduce its own supplies, or whether it would only furnish them in the event that exporters took the initiative.

With this in mind it is rather difficult to have such firm convictions in wheat because on the assumption that we shall ship 200 to 250 million bu during the coming season it would surely make a vast difference whether supplies had to come from private trade channels, which would involve removal of hedges, or whether it would be mostly furnished from government stocks, which would probably not come back on the domestic market unless we had a tremendous advance in price. The decline in wheat today came largely from local selling, as commission houses were not particularly active, but when we had a sharp break in beans this naturally attracted some attention, and there seemed to be persistent selling by one large commission house~~s~~, which undoubtedly was profit-taking.

Northwest weather was fairly good. We did not hear of any rains to speak of, which probably means that seeding operations have about been completed. In Canada the same is true with the exception of Manitoba and in the flooded areas it looks as though quite a little land would be taken out of cultivation at least for this season. However, in southeastern and northeastern Saskatchewan, 93% of the seeding has been completed and over the balance of the provinces 98%, while in Alberta almost all the wheat is in the ground and work is nearing completion in the Peace River area. Oats and barley have progressed normally except for central and southern Manitoba, but it is too early yet to have much of an idea about prospective crops 4R there, except that they have started out under generally favorable weather conditions, and as far as we have heard moisture seems to be only fair.

When the visible supply of wheat was posted it showed an increase of 2 1/4 million bu, which is not surprising at this time of the year. Total stocks are close to 150 million bu compared with 89 million bu last season. The corn visible decreased 323,000 bu. The total is 40.2 million bu which is 30 million bu greater than a year ago. The oat visible decreased 355,000 bu. Total stocks are 10.3 vs less than 4 million bu last year. At Chicago, wheat stocks increased 28,000 bu. Corn increased 69,000 bu. Oats increased 245,000 bu. Beans decreased 280,000 bu.

There was some pressure almost from the start. Wheat is still selling above the loan level in the Southwest but quite a bit under the loan here in Chicago basing our assumption that the loan price will be more or less the same as it was a year earlier. However, for Chicago it is felt that while the red wheat situation is much less bearish than it was a year ago there will still be a fair movement after harvest. Corn yielded some ground at times, but yet was comparatively firm considering the weakness in other cereals. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 6, 1950

There is an old saying that whenever farmers complain that they have had too much rain, chances are there has been just about enough. Naturally there are some exceptions to this ruling, and we have already seen that certain of the flooded areas in our Northwest and in the Province of Manitoba have prevented full seeding of the wheat plant this spring, but on the other hand there have been so many districts that were benefited that on the whole average crop conditions have been better owing to the moisture. Some weeks ago it rained almost constantly over the corn belt, and yet we found recently that more precipitation was needed for the best development of the plant. The same is now true through the spring wheat areas, and according to the Occident Report many stations are generally reporting the need of about an inch of rain to replace surface moisture which has disappeared. Notwithstanding this fact and some high winds that have occurred, the crop is up, has a good appearance, although warmer weather is needed now to promote more rapid growth. We noticed yesterday that the temperature in Minneapolis was 90 degrees Fahrenheit, and other sections also claimed rather high thermometer readings. According to another report, last week's weather was unseasonably cool while precipitation was only light but scattered.

Small grain seeding is almost completed except in northeastern North Dakota and the southern Red River Valley. The appearance of wheat which has emerged is uniformly good, with satisfactory stand and color, while growth has been rapid. It is very difficult to make forecasts of yields this early, and we presume that the government will make such comment on the 9th of this month when their crop data is compiled.

For the time being export demand is very slow, milling demand continues from hand to mouth, and we see no incentive to make purchases except that we are mindful of the fact that recoveries are always likely from sharp breaks, as long as we have the government supporting the market. Last year at this time July wheat was selling at $1.86 a bu, but despite the fact that we raised a bumper crop and that pressure from the red wheat area was great, there was a recovery, so that by end of September the price of December wheat had advanced to more than $2.15 a bu, indicating what a tremendous factor the loan is, particularly when farmers store such a heavy percentage of the crop rather than offering it for sale. We still do not have total figures on impoundings but are inclined to believe that more than 350 million bu is in government hands, which would not leave too much for the free market, but yet there is enough to take care of our domestic requirements, particularly as quite a fair amount of new wheat is being offered from the fresh arrivals. As far as we can tell the government's ideas in selling wheat for export are some 4 to 5¢ above the market, and this is difficult to reconcile in view of a previous statement that they would be willing to sell their wheat into foreign trade channels at the current market price. It may be that they are awaiting the outcome of Senate action in granting an additional $2 billion for the handling of surplus commodities, and chances are that they will get this full amount, although according to some dispatches from Washington this morning there is opposition and a good many senators would like to know how this money is going to be used before the final grant is made. Unless some of the CCC supplies are disposed of, it might make a very tight situation later on, although on basis of the last reports, including the official and private figures, our winter wheat crop should be more than sufficient to take care of our home needs. So whatever spring wheat is grown would be a surplus and could be exported without cutting into our reserve stocks.

Primary receipts of wheat amounted to slightly over 1 million bu; no comparison could be made with last week, when we had a holiday; a year ago primaries amounted to nearly 3 million bu. So far this week Kansas City and Minneapolis stocks show a net increase of 70,000 bu.

Early in the session there was considerable liquidation, and weakness in the various markets; part of this may have been attributed to lower prices for securities, but later recoveries in securities and beans created a better sentiment in all grains. If the weather continues dry over the Southwestern areas for another three or four days there might be quite a little improvement in receipts coming to terminals, which is bound to mean more hedges being placed. Corn is feeling the effects of the large quantities which are under government domination; therefore, with a little encouragement there is some buying response, while in beans there were also recoveries from sharp breaks, indicating that a good many people still have confidence in the final outcome. This may be based on the heavy monthly grindings which have been reported thus far.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 7, 1950

After a long debate the Senate finally authorized the additional $2 billion fund to be used by the Commodity Credit Corporation to carry out the price support program for commodities. The Department of Agriculture has permanent authority with respect to these operations. It enjoys a permanent federal charter whereby it is permitted to support the price of agricultural commodities through loans, purchase agreements, and other operations. The Agricultural Act of 1949 goes further and specifies the commodities for which support is mandatory or permissive, and the levels - or range of levels - at which they must or may be supported. While basic commodities have been specifically dealt with, the support for other commodities is permissive at any level not in excess of 90% of parity after consideration by the Secretary of Agriculture, taking into account several factors, such as the availability of funds, the supplies of that commodity in relation to the demand, perishability of the commodity, and the ability and willingness of producers to bring supplies into line with demand. The number of items so affected is huge, but by the same token that the price is supported, and the CCC often comes into possession of these products, it also follows that after acquisition, these articles are offered for sale either in the domestic or foreign market, so that the accumulation very often has a later bearing on our price levels. For example, on the 1st of June 35 million lbs American cheese was offered for sale to domestic users at a certain price depending on location of stock. Likewise, beans, dried milk, linseed oil, salted creamery butter, dry edible peas, rice, and a score of other articles were for sale. On the export market nearly 33 million lbs Mexican canned meat and gravy was offered, together with about the same quantity of dried whole eggs, Mexican canned beef, and other accumulated items, including 244,000 drums gum rosin, potato starch, etc., etc.

When our market opened the first effect of the Senate action was a little bullish, although nobody had really figured that the government would go back on its word and refuse to support wheat, corn, cotton, and other articles, for which the Congress had already decided to lend aid to producers in the coming season. However, the trade is fully mindful of the effects these support programs have had, and at least temporarily tying up commodities and preventing the usual pressure from being exerted during the time of movement when farmers elect to impound their grain rather than to put it on the open market.

Overnight weather was satisfactory, and while dry conditions prevailed in the Southwest it looks as though there would be some showers during the next twenty-four hours, but probably of greater importance is the precipitation expected in our Northwest, spring wheat having been about seeded; therefore, this factor with lower temperatures also in the offing should prove helpful. By Friday we may have rains in the corn belt which would also be beneficial, but not too much attention was paid to these factors.

Broomhall's Foreign Crop Summary is still quite optimistic and crop conditions for most sections of the European Continent continue good to excellent. In France subsoil moisture is abundant and a large wheat crop is expected if weather conditions remain favorable. Official German reports claim that winter grains are in excellent condition, being above average, although wheat is showing a better promise than rye. Increase in acreages to potatoes, beets, and oilseeds is also expected. Late rains are described as excellent.

Primary receipts of wheat amounted to 416,000 bu compared with 1,375,000 bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 98,000 bu.

After mid-session there was some profit-taking in the various pits. When weakness in beans set in it also affected wheat, but, of course, we have an independent situation in wheat, each day now bringing us closer to the harvest movement, and probably more hedges. Rye was very strong, and we believe this was due to the amendment on the Senate Bill authorizing $2 billion, giving power to the President to impose special import fees, or quotas on any farm commodity brought into this country at a time when supported commodities were selling for less than the loan price.

There are certain complications to be sure, and the Secretary of Agriculture would investigate to see whether imports were excessive, and we do not believe there is anything mandatory requiring the prohibition of such articles. But at least it might prevent the flow of commodities into this country such as we had last year when potatoes and eggs came in over tariff wall, despite large domestic supplies.

There was some scattered selling in various pits, also stop-loss orders were uncovered, but trading on the whole was only moderately heavy. UHLMANN GRAIN C

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 8, 1950.

While we have always considered in this country that agriculture was basic and that prosperity of the farmer was essential to the welfare of the country, it is sometimes difficult to determine which is cause and which is effect in producing an era of good times. At the moment a stronger demand for farm products has been generated by the upsurge in non-farm economic activity. Statistics show that industrial production is now within 4% of the postwar peak. Likewise construction continues at a record-breaking pace; employment is increasing, while there has been some shrinkage in unemployment. Consumer income has been rising, and during March of this year was well above a year ago. People's eating habits are satisfactory, the demand for meat has continued heavy, and prices now are considerably higher than they were a year ago at this time. On an average we are consuming about 10 lbs more meat per person than in prewar days. Of course, it does not necessarily mean that all commodities are boosted in the same proportion even granting that a certain amount of inflation has been injected into our economic picture. For example, egg prices received by farmers this spring have never risen more than 2¢ above the February average of 29.6¢. This actually was the lowest in six years. In mid-May the average was down again to the February level. Weakness in markets has been accompanied by large offerings of dried eggs to CCC and a considerable movement of eggs into cold storage. We must also take into account that there is much greater efficiency now on farms than ever before. We have pointed out so often better seed that is being used by way of hybrid corn, Clinton oats, rust-resistant wheat, etc., also improved fertilizer and additional amounts being used as long as the farmer has the money. In other fields also the improvement has increased and in every month since mid-1948 production of milk per cow has set a new record; during most of last year the number of milk-cows has likewise increased and output of milk is likely to continue at a high rate unless crop and pasture conditions should deteriorate. There is a good chance that the total flow for the year will top the 1945 record of 121 1/2 billion pounds.

When our market opened this morning there was some hesitancy and for the time being at least there is not much pressure from first hands. The Southwest movement is a little slow in getting under way, although present weather is favorable and dry conditions reported so that harvesting operations should gradually enlarge. There is no rain forecast for the Southwest, which probably means that within a few days farmers will again be active in gathering their grain. By tomorrow it is likely that precipitation will occur over the corn belt, and we have already had a considerable amount of moisture in the Northwest, with more likely, including some snow in Montana. This precludes the possibility of much more seeding being accomplished by those farmers who were willing to take a chance that they could safely harvest their grain in September before a frost. Chances are that we shall have to be content with 16 to 17 million acres spring wheat, and assuming the more conservative acreage and figuring an average crop of 14 bu to the acre, we could still produce 225 million bu spring wheat, which is far from a record, but together with the likely winter wheat crop would give us total production of 950 million bu, which is not far from the amount that will probably be consumed at home and used for export.

Our own thought is that shipments during the coming season will fall somewhat from those of the current crop-year. On the other hand there is no reason to assume that the government is going to furnish much wheat for foreign markets out of their accumulations unless they change their tactics considerably from those now being practiced. Sometime ago they had shown an inclination to reduce their stocks and it was said that supplies would be offered at prices not below market levels, but we have not heard of any actual transactions that have resulted up to this time.

Primary receipts of wheat were 936,000 bu compared with 501,000 bu last week, and 1,713,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 68,000 bu.

There was nothing decisive about markets. Corn was a little weaker, particularly the July delivery, and at times wheat showed moderate weakness, but later in the session when soybeans recovered there was a little better buying, and the close was higher. Flour demand remains slow, although we understand that mills in Texas are doing a little business.

UHLMANN GRAIN CO.

[illegible]

While we have always considered [illegible] [illegible] that prosperity of the farmer [illegible] [illegible] [illegible]

[illegible]

[illegible]

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 9, 1950

The Canadian Telegraphic Report, which was issued last Wednesday, was not too optimistic, as it stated that the moisture situation had deteriorated further in wide areas of Saskatchewan and Alberta. On the other hand, we believe that since that time there have been rains, and the Canadian National Railway claimed that seeding of western spring crops was virtually completed except for parts of Manitoba. They said that good rains were received within the past twenty-four hours in southern Saskatchewan, western Manitoba, and that rains had also occurred earlier in the Edmonton territory. We note that there has been good moisture in our Northwest, which is naturally favorable, and the map indicates that further precipitation will probably be had; therefore, we are not running into a really dry period at this time. Chances are that we shall have further relief over the corn belt tonight or tomorrow, but fortunately weather is dry over the areas of the Southwest where harvesting is now taking place, although a good percentage of wheat now coming to marke is quite damp and not too easy to handle. For that reason a smaller part is being sold and probably being held by farmers because there seems to be reluctance to accept discounts for wheat which is running tough.

Not too much attention is being paid to these factors, although we believe that recent firmness is due largely to the fact that there is not much pressure yet on markets. Consequently when any buying takes place, offerings are not at all plentiful, and at least minor upturns are possible. Then, too, there is some bullish feeling because of the fact that the stock market has been strong, and from the low point of last summer industrial production has advanced by about 17%, which is certainly a vigorous rebound, although of recent months the increase in activity has been at a diminishing rate, and indications point to the fact that peak production may be near at hand. Total civilian employment between early March and early April increased by 1.1 million, bringing the total to 58.7 million. This was the highest employment level since last November. Likewise unemployment has shown a shrinkage and in April was reduced to 3 1/2 million persons, a level that is not considered far from minimum, allowing for unemployables and for those persons who are changing jobs. This figure may be stepped up a little during the summer months when students are trying to find work, but with so many industries now operating at full capacity, particularly in steel, with a new high level of output, there is no immediate problem at hand. It is felt in some quarters that buyers are placing orders beyond requirements in an effort to build up inventories, but by the same token it also looks as though business, barring strikes, would continue highly satisfactory at least through the third quarter of the year.

Primary receipts of wheat amounted to 937,000 bu compared with 565,000 bu last week and 1,660,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 70,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 4,120,000 bu.

Trade was not particularly active and due to rains which occurred earlier in Oklahoma it is taking a little time before receipts pick up. However, it is a foregone conclusion that we are going to have more pressure shortly even allowing for the small crop.

After the close of the market today, the government report will be issued and we rather figure that the official figures will show up larger than private estimates owing to the improvement which has taken place. In any case, we figure that including spring wheat we should have practically enough to take care of our domestic and foreign requirements without dipping much into reserves. During the session there were reports that it was starting to rain in Springfield, Illinois, also at Jacksonville and chances are that the corn belt generally will be benefited according to the forecast. In our spot market, oats sold as much as 1 1/2¢ lower on basis of the future as compared with yesterday. This, however, did not have too much influence. Attention is still being paid to soybeans and that market continued very firm and it seems that buyers are still willing to absorb offerings, at least on weak spots, the theory being that even the high price has not interfered much with the amount that is being processed. Corn was reasonably firm considering the fine weather. It will be interesting to see to what extent the acreage has been cut in view of the government allocations.

Rye was very strong and despite denials from Canada, we would not be surprised to see the Canadian dollar re-valued on a parity with ours.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 12, 1950.

An advancing stock market, together with high prices for agricultural products, generally is considered a satisfactory omen spelling prosperity for the country. However, in a period of semi-dangerous inflation, many of the fundamentals are lost sight of, and not many people evaluate conditions surrounding their own status. However, when an appraisal is made by those with more or less fixed incomes or even by those whose salaries and wages are higher now but whose expenses have risen in the same proportion, or even to a greater degree, it becomes apparent that all is not as rosy as it would appear on the surface. For example, in Chicago the figures used by BLS as a yardstick show that two years ago the cost of building an average house was $9,800; last year it was $10,400, and at the present time has risen to $11,500. All of these costs, of course, have risen tremendously during the past decade. One of our friends writing his market letter in New York makes his observations: "A recent Federal Reserve Board survey shows that almost 39,000,000 American families hold life insurance policies and 36,000,000 have savings in bank accounts or government bonds. To the extent that they have placed their funds in these media they have already suffered grievously in purchasing power. Moreover, they will continue to lose ground steadily as the commodity value of the dollar shrinks in the future as it certainly must do if present governmental policies are not reversed. It has been estimated that the clandestine erosion suffered by such holders of insurance policies, savings bank deposits, and fixed interest bearing obligations, including beneficiaries of pensions, has already amounted to over $85,000,000,000. This is a slow moving type of confiscation, difficult to dramatize because it creeps rather than gallops. Economically speaking, it is these people who are giving the party and quietly taking a beating."

Before our market opened weather reports showed a considerable amount of rain in Oklahoma, which will naturally retard harvesting operations. The moisture extended to the Texas Panhandle, and apparently clear skies are not yet in prospect. There will probably be rain also over the corn belt and parts of the Northwest, the latter being more favorable.

The Grain & Feed Dealers National Association has come out with a statement that more than 550 million bu capacity has been added to the nation's grain storage facilities through government ownership and encouragement since 1949. As an example, CCC-owned bins in Iowa amounted to 132 million bu, in Illinois 112 million, Nebraska 46 million, and so on down the line with smaller amounts for other states, but, nevertheless, shows the tremendous expansion which has taken place.

Conditions in Canada seem to be rather favorable, and according to the National Grain Company precipitation in Saskatchewan during the past week has ranged from light showers to 1 1/3 inches, having been heaviest in northern areas, and this improved crop prospects greatly. In Alberta conditions are generally favorable in southern sections, while in central areas condition ranges from fair to poor. More precipitation apparently is necessary otherwise the crop may be very light. In the north there has been improvement while in the Peace River conditions are satisfactory. Manitoba reports are favorable except for the southern portion where earlyfloods had been a menace.

When the visible supply of wheat was posted there was an increase of 441,000 bu. Total in all positions now is 150 million bu compared with 93.1 million last year, at which time Enid's 20 million bu was not included. Corn increased a little over 1 million bu to a total of 41.2 million , and there is 31.7 million more on hand than last year. Oats decreased 289,000 bu, leaving stocks at about 10 million bu against only 4.8 million bu a year ago. Chicago wheat stocks were practically unchanged, corn locally increased over 1 million bu, oats decreased 110,000 bu, and beans a slight decrease.

There were periods when wheat tried to show a little rallying power, and there was news that Holland might buy 30,000 tons of our wheat. However, there seemed to be a few more hedges coming into the pit; at the moment there is not much disposition to play the constructive side of the market very strongly. The break in oats was caused by continued liquidation, with a rather indifferent demand. Corn has lost some of its friends, but yet we can never lose sight of the fact that we are a tremendous consumer, and with probably a smaller crop raised next season we are going to cut somewhat into our reserves. Beans had a rather sharp break, but showed partial recovery.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 13, 1950

Overnight weather was regarded as very favorable except possibly high temperatures in the Southwest, some of the thermometer readings being over 100 degrees Fahrenheit. However, hot and dry seems preferable at this time to wet weather, particularly in those areas where harvesting operations were under way. For that reason not too much attention was paid to this factor. There had been some very nice moisture in the spring wheat areas, also in northern sections of the corn belt, which is bound to be beneficial. It does not look as though there would be any rain during the next twenty-four hours in the Southwest except possibly in extreme eastern sections.

Consequently, when our market opened this morning somewhat lower prices were registered, particularly the September delivery, which had been subjected to hedging pressure, and that future for a few minutes was somewhat out of line with other months. Crop reports in the Northwest were mixed, although the Occident Elevator Company claimed that reports from their stations were generally more optimistic than a week ago. It is still too early to say much about the crop, as some fields have hardly shown any wheat emerging from the ground, while elsewhere some growth has been established, or at least the ground is well covered.

Broomhall's summary on European conditions was favorable also, although in some areas additional moisture would nowbe beneficial. The same authority tells us that a total of nearly 7 million bu Argentine oats has already been contracted for by Canada and U.S. importers but mostly for consumption in our country. The CIF price has averaged around 75 3/4¢ a bu plus the import duty of 4¢. It seems that the Argentine government allows a special exchange rate, which is very low for oats, and also for by-products of other grains, and oil seeds, very likely for the purpose of encouraging shipments. Conditions in South America are satisfactory now and a good increase in wheat acreage is indicated as a result of better moisture, which followed the severe drought earlier in the year. Furthermore, the government is trying to stimulate planting and has an acreage goal of 17.3 million acres, which would compare with an indicated area last year of only 14 million acres. Trade interests, however, do not believe that the entire increase will come up to government expectations.

Not much activity is reported in export circles although a cargo of No. 1 hard wheat was sold to Holland for last half July shipment, which figured about $2.27 FOB Galveston. Ordinarily at this time of year we might expect a fair demand which would also occasion removal of hedges. Some buying at Kansas City this morning was probably brought about by some improved flour demand and the pricing of business for an Eastern chain bakery, but on the whole that particular activity has been rather light, and we believe that commercial interest will be mostly in the form of selling as the movement broadens and more wheat is moved to market and then hedged.

Primary receipts amounted to 1,166,000 bu compared with slightly over a million bu last week and 2,206,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 35,000 bu.

Trade was not particularly active but after mid-session when soybeans recovered some of their loss, there seemed to be a better sentiment all around, although new investment buying seems to be small. May exports of wheat and flour from this country were 21.2 million bu. This brings the total since July 1st to 281.2 million compared with 465.7 million for the eleven months of last year. With only one more month before the season closes, it looks as though we shall just about reach the 300 million bu mark, or a reduction of about 200 million from the previous season. ECA granted Italy somewhat over $7 million to buy bread grains in this country, of which $6.2 million will be for wheat and the rest for flour.

The five-day forecast for corn was very favorable, and we understand that growing weather at this time is about perfect but nobody can say definitely what the acreage is, although we look for reductions under government allocations. Therefore, there is some doubt as to whether we shall raise over 3 billion bu in the coming season. The corn market is rather quiet now, although a cargo of No. 2 yellow corn was sold to Spain from the gulf at 12¢ over the July future.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 14, 1950

We have recently had good weather for grain, generally speaking, as the corn belt has been visited with a showery period adequately covering about all sections. At the present time the Southwest is enjoying clear weather, with a tendency towards high temperatures. This is satisfactory for the harvesting areas but would not be too good if prolonged in the area farther North where wheat is filling. Our advices from the Northwest have been much more optimistic than one might have expected sometime back. Montana and western North Dakota report very favorably following last week's heavy precipitation. Elsewhere there had been some moisture but eastern North Dakota, South Dakota, and Minnesota received very little moisture and it would be quite welcome now. On the other hand this permitted seeding to progress without delay. Our friends in that area believe that in northeastern North Dakota and northwestern Minnesota close to the full allotted acreage has been put in with the exception of the flooded areas of the Red River Valley. Work has also started in this territory but about all farmers can expect to make is a little forage. Nevertheless, they will be able to plant something. It now looks as though we will not be far under intentions to plant, which was for 19,700,000 acres spring wheat. Our friends believe that it will be within one million acres of that figure. However, the trouble is that 3 or 4 million acres were seeded in June and that will have only a 50-50 chance of beating a normal frost. Considering this it will probably be a long time before there will be accurate estimates on the spring wheat production but it must be said that so long as the wheat has been put in the ground there is the chance of weather acting favorably resulting in a satisfactory crop.

It will not be long before new wheat will be moving in the Central States and provision will have to be made for storage in Chicago. At the present time we have over 22 million bu old crop grains, which is a sizeable share of our public storage capacity. During the past year considerable private storage has been erected, but inasmuch as there is a new processing plant in this city we will have need for additional processing type of storage necessary to carry the commodity until it is converted. From the nature of a good share of our grains here it appears that they are likely to stay here for some time. We have 4 3/4 million bu rye which moves out only slowly, and 9 3/4 million bu corn, the bulk of which is owned by CCC, and meanwhile they are not shipping from this market. Their domestic price is held too high to move into that trade and meanwhile export demand is light, so that the government agency does not move corn into export positions. We have 4 1/4 million bu last year's wheat and chances of shipping this out in competition with relatively cheaper prices quoted East of us do not appear bright.

The Illinois crop of wheat is only about half of last year and this together with the lateness of the oat crop is an offsetting factor in our storage position, but later on when soybeans move from the large Illinois acreage, it is possible that we will run into tightness. Terminals in the Southwest also have sizeable stocks and they are very likely to feel the pinch before Chicago. New-crop wheat prices in the Southwest are competitive with the loan in the present harvest areas, but as the cutting advances northward the price runs less in comparison with support levels. The same disparity exists for new-crop wheat in Chicago and East but as we have seen in past years there is less use of the loan in the central and eastern areas.

Today's market was inclined to weakness, liquidation coming in oats mostly from local professional type of longs and buying came through commission houses. Cash demand is said to be moderate. An influence to all grains was lower quotations on soybeans. At the present time it is noted that negotiations are under way between the private trade and possible German buyers endeavoring to sell export beans by aid of ECA funds. We have no knowledge whether the government will supply this money in view of previous cancellation of authorizations because prices were too high. The outcome of this probably will determine course of the soybean market, inasmuch as it is assumed that dispostion will have to be made of old-crop beans one way or another by the time the July future expires because the wide difference over new-crop prices would not permit changing of hedges.

Corn bookings were smaller, probably influenced by our recent price reduction; on the other hand export sales are only sporadic with prices quoted at a low basis compared with shipping costs from Chicago.

Primary receipts of wheat were 601,000 bu, only half of last year, which is an indication that harvest has not reached very far North, but we note that receipts in the far southwestern terminals are enlarging. Stocks of wheat in Kansas City and Minneapolis show an increase of 104,000 bu so far this week.

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CHICAGO, 4

June 15, 1950

Overnight news was again bearish, at least to the extent that weather is almost perfect except possibly that high temperatures in certain sections of Kansas may cause some premature ripending and likewise shrivelling of the grain, particularly if warm weather persists. On the other hand news from the country is not of a nature to cause too much apprehension. Some feel that with a considerable amount of wheat still in the milk stage in parts of Kansas, we will have some lowering of test-weight, consequently the yield, but in other sections there were some nice breezes being reported, which they say are perfect. There are even a good many combines out already starting to cut, so that by the first of next week this may become more general. Goodland, Kansas reports to us that most people in that district do not think that the 100-degree temperature has done any harm to date but they feel that continued temperatures that high would definitely be detrimental to the plant. Up to now there seems to be no visible damage, and there are some western Kansas stations that think a rain now would be very welcome. Colby, Kansas tells us the experimental station says they have had no reports of damage up to this time due to high temperatures.

In any case there were heavier receipts in many parts of the Southwest. For example, 506 cars at Enid compared with 61 last year and 160 at Fort Worth compared with 61 a year ago, which naturally brings more hedges into our market, and this is all coming at a time when there is not much in the way of offsets either domestic or foreign demand of any consequence. We heard of one cargo of wheat sold from Galveston to Holland, but ordinarily at this time one would expect much more foreign demand and in our talk with some of the exporters they seem to think that if we ship 200 million bu in the coming season, this may be all that will be needed, particularly if Canada comes through with a fair-sized crop. Our shipments at the present are very small. Broomhall estimates that only 2.1 million bu wheat and flour was placed afloat the week ending June 10th, which would bring the total to 283 million since the 1st of July compared with 473 million bu a year ago. On basis of the world crop season which started last August 1st, all countries together have furnished 623 million bu compared with 796 million bu a year earlier. The United States contributed 252 million bu, Canada 182 million bu, Australia 98 million bu, and Argentina 76 million bu; Russia, despite all the talk earlier in the season, shipped only 12 3/4 million bu compared with 30 million bu a year earlier. Our soybean exports last week amounted to only 66,000 bu indicating that unless something special is done business is about over. Since November 1st, we have shipped 9 1/2 million bu compared with 13 1/2 million a year before.

Foreign crop news continues quite optimistic. According to the Department of Agriculture, Italy has a chance to raise 295 million bu wheat, which would be a near record and 7% bigger than last year. We have not heard any recent official estimates on France, but are led to believe that they, too, will have a good crop, and, therefore, may have fair quantities for export in the season ahead.

Primary receipts of wheat amounted to 1,209,000 bu compared with 936,000 bu last week, and 1,643,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 225,000 bu.

Trade was rather active today, soybeans had another sharp break, and indications are that some of the railroads would permit the return of beans from export positions to Chicago on the same basis as shipments made from here to the East. This is an attempt to prevent exporters from taking too serious a loss because of the fact that foreign shipments cannot be made, and we do not know exactly what the implications are. In any case, there was quite a little liquidation, and naturally this had some influence on other cereals. Kansas City wheat futures held relatively strong, and there was some buying there against short positions, also against recent flour business, although generally speaking few mills are doing much on basis of the new crop movement, although gradually we expect an expansion of business, particularly as most of the recent flour buying has been from hand to mouth. There was some liquidation in oats, commission houses being on the selling side, with apparently not too much buying to absorb the liquidation. In corn the spot basis was reported more than 1¢ lower and sold down to 2¢ over. Soybean oil showed a declining tendency and likewise meal was quoted lower than yesterday, all of which probably had some influence on the bean market.

UHLMANN GRAIN CO.

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statement

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CHICAGO, 4

June 16, 1950

Weather again was about all that one could wish for. There had been some nice rains over the corn belt covering particularly northern districts of Illinois and Indiana. Some rains were reported in the Southwest, mainly Kansas, and while temperatures were quite high, it looks as though they would moderate by evening and cooler weather is expected by tomorrow. It is also satisfactory in the Northwest with the five-day forecast predicting scattered showers and mostly normal temperatures over the belt while the outlook for the next five days is likewise favorable for the corn belt; and thus not much encouragement was given for the purchase of grain based on such conditions, but we believe that the artificial factors are coming into play. We have seen now for several days that Kansas City futures have been relatively strong and it does not look as though the country would be a heavy seller of wheat unless there were some improvement in either futures prices or premiums, or possibly a combination.

While receipts at Enid and some of the other southwestern markets are quite heavy, there is only moderate hedging pressure coming into the pit, and we feel that impoundings are bound to be heavy this season barring possibly the Central States where red wheat farmers are small and scattered and often put their wheat on the market rather than to go through the red tape of complying with all government regulations under the loan. Naturally when activities are on a big scale, this is different and it pays well to accept the terms of the loan, but in the case of small quantities of wheat, it is not so worth while. For that reason Chicago futures have come up somewhat reluctantly even with comparative strength at Minneapolis and at Kansas City, but, of course, we cannot ignore those markets, particularly as the amount of soft wheat to be raised this season will be considerably smaller than last. Likewise, there is no assurance that we are going to have big accumulations here, although wheat already in Chicago is in poor demand, and for the start of the season one can at least say that offerings in the East are cheaper, and there is, therefore, not likely to be much demand from here. In any case the carrying charge between July and December and between July and March has narrowed to some extent as hedgers who apparently were anticipating a stock of wheat had been putting their short futures into the distant months.

Beans, which had been very weak yesterday, were again off at the start but later rallied probably on the news that our government was extending the period during which Germany could buy beans from this country, and they now have until end of June in which to make up their minds whether they will accept two cargoes, or about 700,000 bu, these supplies currently being held at East Coast ports. ECA, according to reliable information, has extended an authorization to Germany to buy about $971,000 worth of beans, and as we understand it German officials have recommended to their government that the purchase be made, but up to now no definite instructions have been received. Should such a deal go through it would alleviate the necessity of exporters having beans at seaboard points from returning them to Chicago and thus this is a fairly important factor in our market at this time. The U. S. government became concerned about six weeks ago due to rising prices at home and further shipments at that time were barred. It is now felt that since some beans are already in export position, even if they were shipped at this time it would not materially influence the price.

According to the Canadian Telegraphic Report, wheat seeding in the Prairie Provinces had been completed except possibly for a few sections where there had been excessive precipitation. Prospects in Saskatchewan have improved materially during the past week, as the result of good rains in most areas. Crops in Alberta are generally fair but conditions seem to vary greatly throughout the Province. Manitoba is said to have rather favorable conditions except for the fact that the crop was planted late.

Primary receipts of wheat today were 1,167,000 bu compared with 937,000 bu last week and 2,177,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 280,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of slightly over 1 million bu.

Markets all turned rather strong after intital trades were made at the opening, with the exception of corn which seemed to be under pressure, mostly the July future. New wheat seems to be in a fairly tight position in Oklahoma and Texas, although, combining is in progress through southern Kansas and before long more wheat should be moving. With the late strength in soybeans following yesterday's weakness, and also higher markets for wheat at Kansas City, there seemed to be fair activity on the buying side here, with the result that closing prices were quite strong.

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CHICAGO, 4

June 19, 1950

Farmers' cash receipts from marketings during June are likely to be down about 14% from last year, which would mean that for the first six months of 1950 the decline would amount to about 9%. There are certain types of heavy production, such as in eggs where records continue to be made, and the output at the present time is about 5% larger than either May, 1949 or the May average. On the other hand milk production has increased less than seasonally during May, although is still above average. It is claimed that retarded pasture development is the cause. The number of young chickens on farms on June 1st was about 10% less than last year, indicating that the supply of chicken meat this summer and fall will not quite equal the large supplies in 1949. Grain exports since last July have shown a drop of about 30% and the decline was largely in wheat. Good crop prospects in Europe indicate that foreign demand for our grain may continue to decline, and the government, therefore, feels that American markets will continue to be burdened by surplus supplies even though production of wheat is indicated to be less than 1 billion bu for the first time in seven years.

The Dean of one of our great Agricultural Schools points out that at the present time there is a race between population and food. He feels that net income of the farmer for 1950 will probably be down one-third from the peak level in 1947. According to this authority, federal farm programs have been treating symptoms rather than the disease itself. In 1949, he pointed out, all farm organizations but one had backed flexible supports. He said that no intelligent person would attempt to justify the potato program. Consumers are now buying eggs below cost, getting back some of the 1948 excessive price; the six million farmers, or as he calls them, "piece workers" would find means to beat acreage controls, e.g., by fertilizing or planting closer. The basic issue is one of a fair relationship for all parties; the divergent schemes are high prices with planting restraint or low prices without restraint. Unfortunately, this party claims, it has become a political race between the two parties. Farmers are consumers too, but they cannot consume nor maintain soil resources without income. Support prices are not a substitute for good markets furnished by prosperous customers.

Weather over the weekend was quite satisfactory, particularly the rains that had occurred over the corn belt, with probably more to come except possibly in Iowa. It looks as though clear conditions would prevail Northwest with somewhat higher temperatures, while in Kansas it has already become cooler in the west, and should moderate by tonight in central and eastern sections. Rains are probable for the Texas Panhandle and parts of Oklahoma. This would be particularly good for encouraging more milo acreage, and likewise for finishing up the wheat in western Texa

When the visible supply of wheat was posted there was an increase of 2.8 million bu; the total in all positions is 152.7 million bu compared with 94.1 million last year; at that time Enid was not included. Corn increased 580,000 bu to 40.7 million bu; this compares with 9.6 million last year. Oats increased 206,000, the total of 10.2 million is about twice as large as last year. Here in Chicago there was a slight increase in wheat stocks, corn increased 396,000 bu, oats 91,000 bu, and beans showed a negligible decrease.

There was no particular feature to the market, although wheat finally responded a little to the strength in beans, the latter are in more favor again, with the possibility that crushings are continuing at about the same monthly rate as heretofore. Corn had a fairly good undertone, even while wheat futures were weak, and there seems to be no pressure from first hands.

Broomhall estimates the Italian wheat crop at 264.4 million bu against 257.6 million bu last year; this compares with the prewar average of 279 million bu.

Domestically, there seems to be a little improved flour demand, but nothing very spectacular yet. A good many users are waiting for the crop to move in heavier volume. However, the time is close at hand when very often buying volume increases.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 20, 1950.

There was quite a little moisture reported again overnight, although confined largely to southwestern districts. More than 3/4 inch was reported at Salina and about 1/2 inch rain at Hastings, Nebraska, with also some fair amounts of precipitation in the Texas Panhandle. It still seems to be unsettled in those areas so that there may be further rains overnight. Not much moisture is expected overnight in the corn belt East of the Mississippi, also Nebraska and Iowa will probably receive some, while the Northwest has been mostly dry. Temperature has risen somewhat and it looks as though fair conditions would prevail tonight and Wednesday, except possibly some showers in southern Minnesota and southern South Dakota. All this has been regarded as very helpful. Naturally it is too late for rains to do any good in Texas except to restore moisture deficiency; furthermore, it should encourage larger planting of sorghums. Crop reports from the Northwest tell of another week of good rainfall in Montana, some stations claiming up to 3 inches. This extended to the western edge of North Dakota and was especially good along the Northern Pacific line, although there have also been some complaints of excessively high winds, which have drawn off surface moisture rapidly. However, temperatures have been fairly satisfactory, and at the moment the outlook appears favorable.

Broomhall still reports good conditions abroad. In the U. K. wheat growth has been good and heavy yields are expected with a good increase on a larger acreage. While reports from the Danube Basin are fragmentary, it appears as though a satisfactory situation has prevailed, and there may be some exports from that region. Russia may have a larger surplus in the coming season, but this is always an unknown entity. As we pointed out yesterday, Italy has a prospect for raising 264 million bu wheat, which would be more than last year, while France is reporting favorable prospects, and there is talk of a substantial export surplus. In Spain the wheat crop was greatly improved since rains occurred during mid-May, Holland and Belgium are expected to raise a little less than last year, but crops should be above average.

All this had a slightly bearish influence on the market but the fact that soybeans were lower early may have added a little bit to bearish sentiment. It seems that nothing has developed of a definite nature on possible exports to Germany, and we understand in one instance that some beans that had been offered on a cheaper basis than at present have not yet been accepted. It may take some time before the lower rail rate from seaboard positions to Chicago will be confirmed, if at all, and, therefore, nobody can tell whether the quantity coming to Chicago will be heavy. We do know that 1/4 million bu was reported to be coming from St. Louis to Chicago, and this is intended for a firm which is both an elevator and a processor. So on that basis it is uncertain whether these beans will be available for delivery. We can also confirm two barges of beans enroute from New Orleans to this market. These were loaded on June 15th, and it is expected to take about twenty days to get here. For three days now there has been no corn reported booked to Chicago, and this lent some impetus to the buying of this cereal. However, the demand is equally slow, and we do not hear of any corn going out. Some claim there may be deliveries here early in July but we cannot state definitely whether this will be the case. While there have been a few complaints of too much moisture, we always like to see good rains in June, as very often July is a critical month and seldom is the crop out of danger until about the 8th of August because of hot weather and dry conditions, which are often experienced during the period from early July to the first week or so in August.

Primary receipts of wheat amounted to 1,556,000 bu compared with 1,166,000 bu last week, and 2,523,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 25,000 bu.

After mid-session beans, which had been so weak early, staged a sharp recovery, and this apparently prompted extensive short covering in all pits; most of the buying in wheat came into the deferred months, which gained rapidly on the July future. As we mentioned in corn, there has been virtually nothing bought from the country, thus there has been no pressure, and buying orders were most effective in bringing about a higher price. The five-day forecast for the corn belt was not particularly good, as quite a little rain is looked for, with as much as 1 to 2 inches in some localities. Oats also sympathised with the general upturn, and closed strong.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 21, 1950.

There was nothing special in overnight weather developments to enlist interest in our markets. Some rather heavy rainfall was reported in the Texas Panhandle, also in Oklahoma, and a few light showers Northwest. However, it was mostly fair over the corn belt, which was regarded favorable, as a good many people were concerned over excessive precipitation, with some fields claimed to be under water. The official forecast is for some rain in the Central States, but our weather man is not predicting it except possibly in the Ohio River Valley. However, scattered showers and thunderstorms are likely again Southwest, particularly for southern Kansas, Oklahoma, and Texas tonight, and probably again on Thursday.

When our market opened this morning, prices were rather firm, as the carryover feeling from yesterday was a little bullish. However, we have had extensive covering in most pits, and while there is not much pressure in any of the cereals, it is difficult at this time of year to get very bullish except that in corn we are gradually approaching the period when ordinarily hot and dry weather makes the short side unattractive, and during that critical period there may be lots of crop scares. During the past week there has been quite a little improvement in the spring wheat areas, and wheat generally is showing up better. In Montana there were many stations which received anywhere from2 to 6 inches rain during the week, and North Dakota generally received from 1 to 2 inches. One of our friends tells us that the crop reports all look exceptionally good and that those from Montana are particularly favorable. As for acreage there is naturally some guessing still because of the fact that farmers planted late in a good many districts due to early floods, but it looks very much as though the sharp decrease which had been anticipated would probably not be borne out. Actually some of the acreage will at least be partially offset by the reseeding of winter-killed wheat in Montana, which now has gone into spring wheat, and we are told that there may be about 19 million acres sown in the Northwest, so that with any kind of good luck we might at least figure on as big a yield as a year ago. Western Dakota and Montana might double or triple the yield per acre compared with last year. It should be recalled that the harvest in 1949 was poor in those sections, and many farmers received only 5 bu or so to the acre. So if we could get 12 to 15 bu this year, it would naturally make a good showing.

All these factors are not having too much influence at the present time, probably for the reason that not too many new hedges are coming into the market. Corn was considerably higher probably on an announcement that ECA had granted nearly $8 1/2 million to Ireland for the purchase of corn, delivery between now and November 30th. There was some delay in completing arrangements for the additional $2 billion for CCC borrowing activities. The House acted favorably on the amendment which was written into the bill by the Senate. This had to do with the Secretary of Agriculture being able to get a tariff Commission Investigation if in his opinion imports should interfere with our farm program.

Conditions in Canada are spotted but apparently Saskatchewan has the best outlook, while conditions in Alberta are mostly dry except in the South while Manitoba, which is a small province , seems to be getting off to a fairly good start. Rains are needed in many parts of Alberta to avoid further deterioration, although the National Grain Company tells of the crop holding up fairly well.

Primary receipts of wheat amounted to 1,439,000 bu compared with 601,000 bu last week, and 1,880,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 340,000 bu.

Soybeans attracted less attention than yesterday, and fluctuations were not as great, but the U S D A issued an industry report on fats and oils, and commented that because of the shortage of cottonseed oil more soybean oil would probably be used in the season ahead, and that it would take a crop of 265 million bu to provide enough oil to bring vegetable oils up to the equal of this year. This was construed somewhat bullish, and probably brought in some buying. Wheat resisted to some extent the strength in other pits. The few crop reports we saw today from Kansas were very good, although cutting has just about started in the South, and maximum yields around Great Bend, Kansas, were running from 26 to 30 bushels to the acre, which is considerably more than had been expected.

The pig report indicated there would be heavy feeding, and this also was a factor in the corn market. Flour business is somewhat better, but still the improvement is rather slow.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 22, 1950

There was some moisture in Canada which covered Alberta, the province which heretofore has been quite dry. There was only moderate precipitation in our Northwest, but probably more to come. All this was regarded as optimistic for the spring wheat crops, while at the same time it was mostly dry in Kansas, although a few points reported some rain, but on the whole it looks as though harvesting operations would soon get under way on a heavier scale. This makes us feel that for the time being it is too early for investment purchases in wheat, although we still have in mind that if prices are under the loan level, large quantities will be impounded, and for that reason both the March and May deliveries offer opportunities later on, the same as was the case in the current season.

In a little over a week we will close another season during which time exports of wheat and flour have dropped off materially from the year before. According to Broomhall we shipped 4.3 million bu during the past week, which brings the total since July 1, 1949, to 287 3/4 million bu compared with 489 million bu a year ago. This rather bears out our forecast that total shipments will be about 200 million bu less, and with the fine crop prospects in Europe and the chance that France will export sizeable quantities, we may have even rougher sailing during the next twelve months. On the world crop basis, figuring our statistics since August 1st, all countries have placed 637 million bu wheat and flour afloat compared with 829 million bu a year ago. This shows that the tendency is for smaller world shipments, as Europe is recovering gradually from the chaotic war conditions. Even Canada is learning that there are some difficulties in this direction, and her shipments to-date have amounted to 188 million bu vs. 194 1/2 million last year. She has done comparatively well but much of the business was apparently under the bilateral agreement had with Britain, which, of course, was a great help. Australia at the present time has shipped 101 million bu against 105 million last year, while Argentina actually shipped more, having placed 78 1/2 million bu afloat vs. 53 million the year earlier. Thus it can be seen that we have been the main sufferers, despite the large quantities that were given away either to Germany and Japan or sold to ECA countries. As near as we can tell only about 15% of our shipments went for cash.

The pig report which was issued yesterday, and which we mentioned in our letter, was construed a little bullish on feed grains. Actually the two largest states of Iowa and Illinois had percentages larger than the nation's average. Iowa showed an increase of 5% as compared with last year, and the same was true of Illinois, while the national average was only 3% more. The Chicago corn-hog ratio is 12.2 this week compared with 12.4 last, and 13.8 a year ago.

The Searle Grain Company, Ltd., at Winnipeg, estimated the wheat acreage in the three Canadian Provinces at 25.3 million acres, which is 3.9% less than in 1949. As an offset, however, oats acreage at 7,489,000 was 2% higher, and barley at 5,875,700 showed an increase of 4.6%.

Primary receipts of wheat amounted to 1,940,000 bu compared with 1,209,000 bu last week and 2,787,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 383,000 bu.

There was no great activity in our market today, prices were somewhat lower, and we had word from Kansas City that a little more hedging pressure was apparent, but nothing very great. Flour business is still slow, most of the business still continuing on a hand-to-mouth basis. Soybean meal was somewhat firmer, which had some influence on the market; the main thing is the big interest in the July future, which stays rather constant, and until there is some liquidation rather difficult to see where any sharp breaks may take place. On the other hand, with the price of new beans 90¢ per bu cheaper, one naturally has to be cautious.

After mid-day it was reported that 4 cargoes of corn had been sold to Austria for July shipment. This apparently did not cause much commercial interest in the pit and possibly the hedges had previously been covered.

Bookings of corn to Chicago are still light, but with only a mediocre demand the market is rather indifferent. Crop reports are still very satisfactory, and some of the lateness has now been made up due to quick germination.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS GRAIN EXCHANGE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 23, 1950.

The overnight weather was quite satisfactory. There had been some moderate moisture in our Northwest, also in the western part of Iowa, and eastern Nebraska, while it was mostly fair in the Southwest and over the corn belt, although a few light showers had occurred in northern Illinois and northern Indiana. Reports from Canada indicated that there had been some rain in Alberta, which was not particularly heavy, but at least should be beneficial. In Saskatchewan rains were heavy in the Northwest, with practically nothing reported in Manitoba. Not many complaints are coming from any of the territories of either spring or winter wheat, which leads us to believe that crop progress is satisfactory. Actually new wheat is beginning to move in heavier volume in Kansas, and also the amount being offered on the market is a little bit heavier, The Southwestern Miller claiming that at least one-third of the wheat being hauled by farmers is offered for sale, and in many instances over one-half, with the trend apparently toward freer selling in the last day or two. Under these conditions we are bound to get some pressure, although it is not likely to be heavy, and we can still foresee the possibility of quite a fair amount being impounded, which should give us stronger markets later in the season. For the time being we doubt whether it would be a wise policy to accumulate or make investment purchases as the element of time is always important and sometimes people who are even wise in their views become discouraged if they get into a market too early.

Canadian exports last week are reported at 5.3 million bu wheat and flour, which brings the total to 198 million bu since August 1st. This provides 131 million bu either for export or next carryover. Since there is six weeks still remaining for their crop year, if they should ship 5 million bu each week, it would leave them with a reserve stock of 102 million bu on August 1st, or practically the same as the year before.

Soybeans were a little weaker at the start, and there was some comment by Broomhall to the effect that the previous report of two cargoes American beans to Germany had been cancelled. We do not quite know how to interpret this information as we have not heard of any business which had definitely gone through. It is a fact, however, that Germany has a great need for edible oils, and no doubt if the price were right they would make every endeavor to keep the plants running so that crushing operations would continue if satisfactory arrangements could be made. As we get closer to delivery, naturally the question arises what tenders may be? There are still some beans coming in from other markets by barge but since the July open interest is still very large, amounting to 18,193,000 bu, it remains to be seen whether longs or shorts will take the initiative in reducing commitments but as we have felt for some time, with the price of old beans about 90¢ over new, there are certain hazards involved to longs at present levels.

European conditions continue very satisfactory; according to Broomhall the French official forecast is for a crop of 288 million bu wheat, which would compare with a corresponding estimate for last year of 256 3/4 million bu, and a final yield of 297 1/2 million. Barley and oat crops are expected to be larger. The Portuguese wheat crop of 20.6 million bu compares with less than 12 million bu raised last year.

The primary movement of wheat was larger today, amounting to 2,096,000 bu; this compares with 1,167,000 bu last week and 3,207,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 515,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last year of 3 1/2 million bu.

Markets were generally quiet today, volume was small, although in beans there were some fairly wide fluctuations, except that some selling appeared on bulges, and we believe that traders are becoming very cautious. Small orders seemed to have more than the usual influence. There was some pressure on new-crop months, probably for the reason that the outlook is good, and with a large acreage we should have an extremely good crop. There seemed to be no feature at all to the corn market, and after yesterday's export business it seemed to be rather quiet. Offerings from the country were small, and bookings were not heavy. The milling demand is slow, and while there are a number of inquiries in the market, buyers seem to be hoping for lower prices when the movement increases. There was some buying of futures in Kansas City, and one of the large mills there that had been threatened with a strike, evidently had reconciled their differences.

We look for an improvement in the milling demand before long as recent buying

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The overnight weather was [illegible] [illegible] [illegible] moisture in our Northwest [illegible] [illegible] [illegible], while it [illegible] mostly fair [illegible] [illegible] [illegible] light showers [illegible] [illegible] Canada [illegible] that there [illegible] [illegible] [illegible] [illegible] at least [illegible] in the Northwest [illegible] [illegible] plaints are coming [illegible] [illegible] which leads us to [illegible] [illegible] beginning to [illegible] [illegible] [illegible] [illegible] on the present is [illegible] [illegible] largest one-third of the wheat being [illegible] [illegible] many instances over one-half, with the [illegible] [illegible] [illegible] [illegible] [illegible] though it is not likely [illegible] [illegible] still forces [illegible] [illegible] [illegible] season. For the time [illegible] [illegible] it would [illegible] [illegible] [illegible] or make investment purchases on the [illegible] [illegible] and sometimes people who [illegible] their views [illegible] [illegible] into a market too early.

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The [illegible] [illegible] wheat [illegible] [illegible] amounting to 2,0[illegible] but this compares with [illegible] [illegible] [illegible] last year. Kansas City and Minneapolis [illegible] [illegible] increase of 315,000 [illegible] When the visible [illegible] [illegible] [illegible] it will compare with [illegible]

Markets were [illegible] [illegible] [illegible] volume was small, although in [illegible] there were some [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] and we believe that [illegible] [illegible] [illegible] [illegible] seemed to be [illegible] than the [illegible] [illegible] [illegible] crop months, probably for the reason that the outlook is [illegible] acreage we should have [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] the corn market, [illegible] [illegible] [illegible] [illegible] rather quiet. Offerings from the country were small, and [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] buyers [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 26, 1950.

The Korean news over the week-end overshadowed practically all other factors in the market. War is always regarded as a bullish factor, causing greater waste and increasing the demand for foodstuffs. Therefore, when it became known that we were rushing military aid to the Koreans, it naturally caused some buying and covering in our market, just as there was selling in securities both in New York and in London. Inasmuch as Russian necessity recognizes no law, we are finding it advisable to send American warships and planes into the war zone in order to protect whatever Asiatic gains we have made thus far. This does not necessarily mean an involvement in Europe, nor would we necessarily send large supplies of grain to those ECA countries which received so much from us last season until we know that Europe is adequately prepared and could protect the arrival of such shipments without fear of their getting into the wrong hands.

The Department of Agriculture in its recent survey on wheat points to the likelihood of our being able to ship 250 million bu in the coming twelve months. This would compare with about 300 million bu wheat and flour shipped in the current season, and on such calculations we would have about the same carryover one year hence as will be on hand July 1, 1950: namely, about 450 million bu. Our domestic disappearance is running in the neighborhood of 700 million bu, being a little less than that figure, divided as follows: 486 million bu for food, 81 million bu for seed, and 130 million bu for feed. This is hardly more than we used before World War II when our population was smaller. At that time we were consuming 475 million bu for food, 81 million bu for seed, and 122 million bu for feed, or a total of 678 million bu. Thus, the big factor is the amount needed for exports, and in that connection there would, under normal circumstances be a gradual dropping-off; in fact, net exports from the U.S., have exceeded 300 million bu only in the season 1914-1915, again in 1920-21, and each of the past four years beginning with the crop-year 1945-46 when they averaged almost 450 million bu. According to present prospects our total spring and winter wheat production should be approximately 945 million bu. So if 700 million bu is consumed at home, exports of 250 million bu, which are now estimated, would not cut any into our reserves during the next crop-year. However, it is pointed out that a further increase in the carryover reserves, which have been mounting since 1947, might at least for the time being have been checked. Still we must remember that the carryovers in the ten years 1932-41 averaged only 235 million bu.

At the end of the month the government will give a new parity figure, and assuming no change from the last, it is reasonable to expect that the loan will be 2¢ higher than a year ago, or $1.97 for the 1950 crop (national average farm basis). With the total wheat crop about equal to prospective disappearance, the government believes that wheat prices are not expected to drop as much below the loan as in some past years. They figure that even though prices will weaken during the harvest period, they are very apt to advance later as they have in other years in which loans have been available. Their reasoning seems sound because with the large quantities that are apt to be impounded, the usual pressure on the market is not likely, and we have already seen that from 1938 to 1944 the loan program which reflected the general rise in price that farmers paid was the most important factor in domestic wheat prices. From 1942 through 1945 heavy feeding of wheat became a factor, while since that time the big exports, including the various foreign aid programs, became the most important price factor.

When the visible supply of wheat was posted there was an increase of slightly over 5 million bu, total stocks are now 157.8 million bu compared with 97.7 million last year, at which time Enid was not included. The corn visible increased 169,000 bu, making a total of 40.8 million. This gives us 30.8 million bu more than we had on hand a year ago. The oat visible was almost astandoff. We still have 10 1/4 million bu all told compared with somewhat over 5 million held a year earlier. Chicago wheat stocks decreased 287,000 bu, corn increased 207,000 bu, there was a slight increase in our oat stocks, while locally beans increased 139,000 bu.

Markets were rather one-sided today. There was some profit-taking at times, and while corn lagged early the general tendency was upward, practically all the bullish sentiment being derived from the war scare. Weather in the Northwest was perfect, there was generous rain both in our spring wheat territory and in Canada, while it was clear and hot Southwest. UHLMANN GRAIN CO.

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[illegible] factors in [illegible] we [illegible] that we [illegible] and [illegible] in [illegible] and in [illegible] it [illegible] much [illegible] grain to [illegible] know that [illegible] ments [illegible]

[illegible] likelihood of [illegible] This would [illegible] rent season, [illegible] vest [illegible] will be on hand July 1, [illegible] estic [illegible] than [illegible] seed, and [illegible] for feed. This is [illegible] year [illegible] ion for [illegible] of [illegible] Thus, the [illegible] factor is the [illegible] under normal [illegible] 1914-1919, [illegible] in 1920-21, and [illegible]

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[illegible] visible supply of wheat [illegible] slightly [illegible] total [illegible] 97 [illegible] more than [illegible] still [illegible] there was [illegible] in our [illegible]

[illegible]

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

June 27, 1950

On basis of the overnight news there seemed to be a little more calm with respect to the Korean situation, and as a matter of fact, the London stock market had steadied somewhat, which gave a firmer tone to our securities market. Likewise a weaker opening in grains, but it was not long before everything had changed again when the President had ordered that U. S. Air and Sea Forces give troops of the Korean Republic both cover and support. A series of sweeping statements were quickly forthcoming, and Mr. Truman ordered the U. S. 7th Fleet to prevent any attack on Formosa. He stated that the attack on Korea had made it plain beyond all doubt that Communism had passed beyond the use of subversion and will now use armed invasion and war. He made it clear that we would continue to uphold the rule of law. He also said that he was ordering our air and sea forces into the battle on behalf of the Southern Korean Republic as a result of the U. N. Security Council's request that all members of the United Nations render every assistance to the United Nations in the execution of the Security Council's cease-fire order.

As soon as this news became known, it naturally caused a sharp break in the stock market with buying in all pits, which naturally reversed the early morning trend. Other news was more or less overlooked, although there had been some early buying of wheat futures on additional flour business that had been consummated overnight, and also, the possibility that loan prices would soon be announced now that the Senate had sanctioned the $2 billion appropriation for CCC borrowing. The trade is naturally interested to find out whether a loan on beans will be 70 or 80% of parity, although on basic commodities everything is already known and a cent higher or lower, depending what parity prices are at the end of the month, should not make any great difference. The Secretary of Agriculture had announced that there would be no marketing quotas for the 1951 wheat crop, and it is expected that if acreages are held down there will be no marketing quotas necessary in the future, according to USDA. This would be rather fortunate, as producers do not like to be dictated to by way of forced acreage reductions, and at the same time marketing quotas on their product.

Northwest weather has been very good and while it is now clearing, rather cool temperatures are in prospect, and the Occident Report issued this morning was optimistic in tone, although it mentioned that the crop was three or four weeks late, and, therefore, it would take better than normal weather from now on if we are going to produce a large crop. One of our friends reported from Winnipeg that they had also had fine rains over the week-end, which had covered a lot of Western Canada. Therefore, people were feeling very good about the situation up there and conditions over wide areas were considerably better than last year. We hear that Montana has a prospect for spring grains that is so far better than 1949 that it is most encouraging, and even North Dakota over many sections looks considerably improved, as compared with last year. South Dakota may not be any better, but, of course, their acreage is smaller. It now looks as though we ought to have just as much spring wheat even on a reduced acreage, and with favorable weather the crop might be considerably larger.

Primary receipts of wheat amounted to 2,339,000 bu compared with 1,556,000 bu last week and 4,388,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 101,000 bu. Contract stocks of wheat indeliverable elevators here in Chicago amount to 1,844,000 bu, of corn there is 6,723,000 bu, oats 943,000 bu, and about 2 1/2 million bu soybeans.

After considerable strength and additional short-covering on the war-jitters, markets eased off again so that best prices of the day were not maintained. Many people feel that our action in the Pacific shows strength and may, therefore, avert a big war by taking action at this time. There is no official confirmation that Russian airmen are taking part in the Korean conflict and one can only hope that our firmness is in the best interests of all concerned. Defense Secretary Johnson emphasized that the United States had not committed any land troops and we should not be surprised if within a day or two much of the present excitement would subside.

Beans had a rather active day, trade being within a very wide range, but apparently there was considerable profit-taking and around the $3 level market is still a two-sided affair with the likelihood of some heavy deliveries early in July. Southwest weather is satisfactory and harvesting operations should gradually extend Northward. Rye was very weak.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 28, 1950.

The Korean news was not very optimistic this morning, and early reports were to the effect that Seoul had fallen and that communications at the Capital were now being manned by Communist invaders. This was not immediately acknowledged although later it was admitted, according to Pentagon sources. It is generally felt that the U. S. is serious in its endeavors to protect free peoples in that area, and our Navy authorities officially confirmed that a new task force was being assembled at Pearl Harbor. While nobody knows what this task group will be ordered to do, it seems quite definite that we are going to operate in the Formosa-Japan-Korea areas in an effort to make as strong a stand as possible in this crisis. The stock market, which opened before we did, displayed considerable strength in the early transactions, and apparently there is still the general feeling that we are not going to become involved in another World War at this time; yet there seems to be a very nervous feeling over present operations, and, therefore, markets are apt to turn quickly as the tide changes, which naturally refers to grains as well as securities.

When we opened this morning prices for wheat were rather steady, but there were other factors also accountable for the advance. Rains were reported in some of the harvesting areas Southwest and precipitation was particularly heavy in eastern Kansas and eastern Nebraska. We understand that this will halt harvesting operations for a day or two, but the forecast is for clearing skies, and chances are there will be some added pressure a little later on, particularly some of the southwestern markets do not have too much storage space. Today there were 630 cars wheat in Kansas City, and this is a fairly good run considering it is still early in the season. No. 1 hard ordinary wheat that was dry sold at 1¢ under Kansas City July, which is also an attractive basis if anybody would have much space to fill up. Some wheat was reported sold to Denmark from the gulf for early July shipment which figured $2.33 1/4. This price is considerably better than some of the recent sales that have been made.

We had some moderate moisture in our Northwest and a Canadian report stated that there was light rains in the eastern half of Alberta, some scattered light showers occurred in Saskatchewan, while Manitoba reported a rain that ranged from very light to rather good in spots. Some places claimed 1/4 to 3/8 inch.

There was nothing very illuminating in the government's announcement on loans as everyone had known for some time that the basic crops would be supported at 90% of parity under the law, and the exact prices were not mentioned except it was intimated that if there were no changesin parity at the end of the month, the average farm rate would be $1.97 a bu, which was also known heretofore. This would be 2¢ higher than last season but no mention was made of the terminal differentials in the release put out by USDA. They said, however, that on July 1st parity prices would be available and that then actual calculations would be made and announced. The much-debated storage charges are going to be absorbed by the government as in the past, at least referring to wheat, and the general terms will not be altered despite all the early talk that farmers might have to bear the burden of storage on terminal warehouse loans. Purchase agreements and loans will be available to the end of January 1951; so there is no change in that part of the program.

There has been some selling in soybeans, which might have been for foreign interests. We do not attach any particular importance to it, any more than if there had been liquidation from Cincinnati or Detroit by longs who might have been in the market. The only thing is that there had been quite a little talk about the Chinese having been predominatnly long soybeans and very possibly on a large scale, so that any selling from that source could easily cause further reactions.

Primary receipts of wheat were a little heavier, and amounted to 2,123,000 bu compared with 1,439,000 bu last week, and 3,027,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 415,000 bu.

Trade was not nearly as active nor as turbulent as yesterday, for the reason that there was not the same war news, nor excitement to influence our markets, but weakness in Kansas City and Minneapolis finally gave us a lower close with prices near the low of the day. The fact that securities held rather strong gave some comfort to those who had been discouraged over direct news from Korea with respect to fighting activities. The late reaction wheat did not result from any heavy pressure, but a good many people still feel that it is early to make investment purchases. There was some selling of corn on the advance, but the movement from the country has not shown signs of enlarging much.

CHICAGO, 4 June 29, 1950

The first Korean news was not too optimistic this morning and yet the stock market opened firm but later reacted sharply. Apparently it is going to be difficult to get actual details of the fighting from hour to hour. Even the Navy spokesman do not have the reports of the fleet in the Formosa-Japan-Korean areas, and it is generally presumed that in the absence of contrary reports, no direct action has been joined between our Navy and the Communist forces. As for land activities, the Pentagon authorities are not certain whether the slowdown is the forerunner of new assault attempts or whether losses and the opposition of South Korean divisions have actually forced them to bog down in their attack.

In any case our market for long stretches was rather dull and probably more attention was paid to the possible effect of deliveries on July contracts with the possibility that about 1 1/4 million bu corn will be tendered early in the month and possibly some beans. We hear today in addition to the beans already in Chicago that more are headed here so that we might have anywhere from 3 to 4 million bu delivered during the month, but by the same token crushings have been heavy during May, totaling 16.8 million bu, which was almost as much as a month earlier, despite a good deal of talk that the conversion costs were not satisfactory. Mill stocks are close to 35 million bu and our exports will probably be 10 million bu smaller than the year before, offsetting heavier total crushings since the beginning of the season.

There was a fair amount of rain reported in the Southwest. This covered the Texas Panhandle, also sections of Kansas, which will undoubtedly interfere with harvesting operations. Yesterday the map looked rather favorable for clearing weather but now further rain is indicated for southern and western sections of Kansas; therefore, there may be further delays experienced.

The Department of Agriculture confirmed the sale of 200,000 tons, or about 8 million bu grain sorghums to India at a price below the market. They claim that the low price was set because of the fact that the grain would be used for human consumption, and we presume that another factor was that there had been heavy accumulations last season, and it is undoubtedly advisable to make room for the next crop, so that the business had to be handled at a loss as long as we were anxious to export. As for wheat our shipments, including flour, the past week were 3.6 million bu, which brings the total to 291 million bu since July 1st. This compares with 494 million a year ago. It looks very much as though the total of 300 million bu, which we have been forecasting for some time, would about be the correct figure; therefore, no surprises in that connection. Since August 1st, which is the world wheat season, all countries together have placed 651 million bu afloat, which compares with 847 million a year ago. The reduction for the United States was the heaviest, and Canada has dispatched 195 million vs. 201 million last year; Australia 102 million vs. 108 million, while Argentina has actually exported a greater amount this year, shipments totaling 80 million bu compared with 55 million last year. Russian shipments of 13 million show a reduction of 20 million from the year before.

Primary receipts of wheat amounted to 2,741,000 bu compared with 1,940,000 bu last week and 4,297,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 447,000 bu.

After mid-session the stock market took a sharp turn for the worse. It seems that first air-raid warnings were sounded in Japan since the end of the war, and all radio broadcasting on Kyushu was banned until the all-clear had been sounded. The Tokyo Associated Press stated that the U.S. had found no evidence that Russia was taking part in the air fighting in Korea. With this news there was considerable buying in grains, with the result that sharp recoveries took place. Secretary Brannan said there were no plans yet to dispense with acreage allocations for the 1951 wheat crop, but at the same time there was general nervousness in markets and volume picked up considerably toward the last. Flour business is moderate and seems to be enlarging somewhat but still not very big.

Corn, which lagged to a great extent the early part of the session, finally recovered, and while there was no big buying in the market, it was also noticeable that the country was not a seller and we doubt very much whether pressure from that source will increase much. News from the growing areas is not too optimistic but, of course, it is still early and some of the early planted corn may not be knee-high by the 4th of July. We understand that the crop is somewhat uneven but it is still too early to be receiving any scares. July, however, is often a critical month.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 30, 1950

The early news from Korea was rather reassuring. The current fighting between the two Korean forces continued at the Han River. We apparently had decided to strike at any and all Korean installations wherever it would be to our advantage, and on the strength of this news the stock market opened considerably higher, which later had some influence on grains, with a somewhat lower opening on news that rather substantial deliveries were being made in corn and in beans, and very heavy tenders in rye, with also some wheat. However, as the session went on there was a statement from the White House that President Truman had authorized the use of certain supporting ground units, which looked a little more warlike, although it has been emphasized that actual war had not been declared. The thing that strikes us rather forcibly is that regardless of developments in that area during the coming weeks, the situation is not likely to deteriorate into a general conflict, and, therefore, we try to remain calm and look at other items which we think will be important as price-making factors, figuring that there will be no involvement of European nations.

Apparently the delivery of beans went into strong hands at least for the time being, and this had a decided influence on that market, with prices sharply higher after the first show of weakness. There were also reports that this being the last day that Germany could avail herself of an opportunity to take beans, she might act, but there was nothing definitely confirmed in that direction, although this also had an effect for a time in forcing soybean prices higher. With the demand for cash corn rather poor and no buyers East of here much interested in purchases, the deliveries had some influence, although this was mostly on the nearby future, which early lost ground on the deferred months.

We continue to get fine crop news from abroad. The yields in England are expected to be outstanding for wheat, with a larger acreage and generally good condition reported. Growers in that country will be paid $2.10 per bu for native wheat compared with only $1.72 during the current season. Broomhall also spoke of the Russian spring wheat acreage being 3 1/2 million larger than a year ago, with prospects generally favorable. Apparently a fine crop of winter wheat will also be harvested in the Ukraine. Growers are now cutting wheat in Czechoslovakia and good yields are in prospect. Australia has had widespread rains in New South Wales and recent reported floods are expected to wash out only a small grain area. There were some setbacks in France where a severe local storm was claimed to have done damage but the over-all wheat outlook remains very satisfactory and reports from other European areas continue largely of an optimistic nature.

We note that Canadian shipments during the past week were larger, having amounted to 7 1/2 million bu wheat and flour, which brings the total since August 1st to 205 million bu, or 4 million more than last year. On basis of the government estimate of 140 million bu to be consumed domestically, it appears as though the carryover would not vary a great deal from the previous one when August 1st figures are computed. They would have to export 4 1/2 million bu a week during the next five weeks if the reserve is to be the same as it was on August 1, 1949.

Not much moisture was reported in our Southwest, nor is much looked for except possibly in the Texas Panhandle, while some fairly good rains have fallen in Alberta. The prediction is for probably a few showers along the Canadian border tonight, otherwise generally fair.

Primary receipts of wheat amounted to 2,296,000 bu compared with a little over 2 million bu last week and 4,238,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 675,000 bu. When the visible supply is posted on Monday, it will compare with last year's increase of 12.3 million bu.

Milling business is only moderate but yet we found some buying of futures against flour sales, which, together with the nervous tension, seemed to keep the market on the upgrade. Corn also improved slightly and we heard that some of the corn that was on tender this morning had been ordered out, possibly to go to a local processor which widened the July-September spread as compared with early quotations. The only business that we heard confirmed to Germany was the sale of 200 tons of soybean oil, but yet beans remain strong and apparently those in a long position are in the mood to hold.

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CHICAGO, 4

July 3, 1950

The war news from Korea was not particularly good over the week-end but apparently it will take a little time before the American ground forces get fully into action. Meanwhile, several columns from North Korea have been bearing down pretty hard on the non-Communist forces, with the result that the stock market opened somewhat lower this morning and it was almost a foregone conclusion that our grains would be somewhat higher. Weather in the Southwest was unsettled. There have been a number of rather hard rains in Kansas and Oklahoma which naturally is going to delay harvesting operations and the forecast is for probably further precipitation tonight and tomorrow. There were some bad hail storms in some parts which may have done some damage, but hail is generally local in character and is the only element of weather against which farmers can insure.

There were 1,543 cars of wheat at Kansas City but the demand is fairly good and the recent news has stimulated flour buying with the result that we are not having too many hedges coming into the pit although there was some selling this morning and this gave us a set-back after the early strength. There were also scattered showers and thunderstorms in portions of the Northwest and in southern parts of the corn belt. The latter should, of course, be beneficial and we shall probably have further scattered showers in the Central States tonight and Tuesday. Nevertheless, corn prices were fairly firm and it seems that all of the deliveries that were recently made on July contracts have gone into strong hands. The corn is being ordered out and it apparently is wanted by one of the industries although the demand for corn east of here is flat and some corn that is being offered from Downstate on basis of July price is not meeting with much outside demand. There are some difficulties being encountered Southwest because of the railroad strike which has caused a general tie-up. Furthermore, there seems to be a shortage of empty freight cars so that the movement from the country has lessened now and there is not much pressure on markets generally. We are starting the new crop season with prospects of having less wheat and flour moved abroad than last season, much depending, of course, on the political situation in Europe and apparently there are still so many people willing to wager that there will not be a general war. However, unfriendly incidents such as occurred at Korea are likely in other parts of the world and for that reason the Armed program and increased spending are almost bound to continue in the months ahead.

When the visible supply of wheat was posted, there was an increase of nearly 5 1/2 million bu. This raises total stocks to 163 1/4 million bu compared with 110 million bu last year. At that time, Enid stocks of 28 million bu were not included. Our corn visible decreased 802,000 bu leaving a total of 40 million bu in various positions compared with only 10.3 million bu last year. Oat stocks increased slightly. The total is 10.3 million bu compared with 5.6 million bu last year. Here at Chicago, there were decreases of 408,000 bu wheat, 663,000 bu corn and 76,000 oats. Rye increased 371,000 bu and beans 196,000 bu. There is now close to 3 million bu beans in this city with probably more coming from other directions.

There was not too much feature to the wheat market, but some selling appeared on bulges despite the comparative strength in beans and in corn. We believe that wheat will encounter some difficulty in maintaining bulges as long as the movement is on and some hedges come into the market. There is no evidence yet of a buying rush in flour although The Southwestern Miller points out this is the time of the year when buyers had hoped to come into the market for their future needs but apparently with the sharply higher level there is going to be some hesitancy. In spite of the high prices that are currently ruling for agricultural products, farm debts continue to rise and these obligations now amount to about $10.8 billion, which is 42% more than at the low point reached in 1946. The farm mortgage debt, as estimated by BAE, has reached $5.4 billion and the increase occurred even though the number of farm transfers has declined.

Beans continue to be very erratic and there is some profit taking but apparently those who took delivery of the July contract are still not liquidating on a large scale; therefore, the nearby delivery is relatively firm although during the recent days of advances the new crop futures have also advanced sharply.

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CHICAGO, 4 July 5, 1950

There was more activity in Korea on the part of our Navy, also helped by British aircraft and our own planes. With somewhat better weather reported, it gave us a chance to bomb Communist installations. It was reported that U.S. and Australian Air Forces took part in 162 sorties against the enemy and skies were clear enough to be listed as good in the battle area. The Pentagon officials claim that there was yet no sign of direct Russian participation in the conflict although there was no way of identifying submarines, possibly of Russian origin, cruising in the area near Manila.

The stock market, which opened before we did, showed some slight weakness but not enough to be a factor, and as we pointed out it looks as though the Korean news had possibly spent its force with respect to grain markets unless there should be new developments not now forseeable.

Weather over the holiday had been quite wet in the Southwest and this further delays harvesting operations particularly as more rain is forecast over a widespread area. Had it not been for the great weakness in beans which opened anywhere from 6¢ to 9¢ per bu lower the chances are that wheat prices might have opened firm but for a time at least everything was influenced by the reversal in beans, which apparently were affected by some re-tenders on contract by a house that had been stopping a good part of the deliveries that had been made thus far. A little later, one of the private estimates was published indicating a winter wheat crop of 696.7 million bu together with a spring wheat yield of 247 million bu which would give us a total crop of 943 million bu. This is slightly less than the official figure of the government but really not enough to be much of a factor. The reports generally from the Northwest are optimistic and one of our friends reported to us that the past week had been very good for small grains in the four northwestern states.

Apparently there had been some nice moisture Northwest over the week-end followed by cool and rather windy weather although temperatures had risen by mid-week to the middle 80's in Montana. However, almost all of the territory had received more or less moisture. Even the dry areas of South Dakota had received light to moderate rains a week ago and there was further precipitation reported just lately. If it were not for the late seeding in many localities, we might expect a crop of about 800 million bu. However, with the possibility that there could be a frost around the first part of September which would seriously cut the crop, nobody is talking that high a figure at this time but at least one has to keep in the back of his head that it might happen. Even in the areas that had been previously flooded, there was quite a little seeding of wheat accomplished, and, therefore, the final outcome might be somewhat better than the report that was privately given this morning.

Not too much attention was paid to a forecast of 3.2 billion bu of corn with the condition of the crop placed at 83% of normal for the reason that it is still very early and July is often the critical period for growth so that much can happen yet. The acreage for harvest has been cut about 3 million acres from last year. which is about in line with producers' intentions to plant and indicates that farmers in general have complied with allotments in order to get government benefits. Mr. Galvin, who expressed his views this morning, also looked for about 11.8 million acres of beans to be planted with probable production 247 million bu, which would compare with 222.3 million bu a year ago. This was considered less bearish than other estimates that were given earlier and brought in buying of the deferred months. CCC stated its loss as being $201 million in carrying out support programs during the fiscal year ending May 31st. No mention was made of the huge surpluses that were given away in order to accomplish their purpose to prevent greater accumulations at home. Their wheat inventory was 334 million bu in addition to 59 million under the loan. At the same time, we do not see any signs of government selling wheat for export and whatever business is being done now is apparently coming from private stocks.

Primary wheat receipts of 4.3 million bu compared with 2.1 million bu last week and a little over 6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 38,000 bu.

Despite the weakness in wheat July and September corn made a season's high. Bookings from the country were a shade better but still not large. Reports from the country indicated that the oat crop is making good headway but is late. Beans, after an early break, showed some recovery but yet there was selling on the advances.

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CHICAGO, 4 July 6, 1950

The news from Korea was not at all pleasant but for the time being it seems that it is having less influence on either the security or the grain markets. There is no great amount of pressure yet on wheat which ordinarily one can expect in July for the reason that wet weather in the Southwest has held up harvesting operations and the chances are that the rains are not yet over as some widely scattered thunderstorms are likely tonight and Friday with somewhat higher temperatures. This too is having less effect on the price level than one would expect probably for the reason that the export demand is very slow and likewise domestic milling business has not developed to the extent that one might expect at this season of the year. Had there been a price recession of 5¢ or 10¢ per bu it might have been a different story, but competition by mills has been very tense. Some of the industries are loathe to accept business unless they can get a better profit. President Truman threatened drastic action unless the switchmen called off their walk-out against the five western railroads and it is to be hoped the differences will soon be reconciled because a good deal of grain movement is being hampered by the fact that the roads cannot be of service.

July soybeans opened somewhat lower. It seems that some of the houses who have been identified with long holders have been on the selling side and as a result of liquidation the spread between July and November narrowed to some extent but there is still a tremendous premium for the old crop more than we have ever seen in peace-time for any grain as compared to a new crop delivery. The news from the Northwest continues favorable. A few showers have occurred in Montana and this should be helpful. We also hear that conditions in Canada are favorable and no doubt some improvement has taken place up there also. We understand in this country that meat production during the past 2 1/2 years has kept pace with the growth in population; hence, there has been little change in the annual consumption per person. With meat prices high, there has been great encouragement in feeding and it is considered likely that the highest prices for meat will probably take place in late summer or early fall. Prices of cattle are now higher than they were last year and are expected to continue higher through the summer. As an indication of the difficulty in holding prices artificially, we point out that the Department of Agriculture is now studying a plan to sell millions of pounds of government-owned butter for 1¢ a pound in the open market. As one official pointed out, it would permit a grocer to sell an extra pound of butter for a penny to any customer who bought a pound for the usual price. While this would undoubtedly mean heavier consumption, it would saddle the government with severe losses. At the same time, the government would continue to buy butter at about 60¢ a pound and then sell it for a penny. Under the proposal, the retail price level would probably not change very much until at least next March when the current price support program is ended. At the moment, the government owns about 180 million pounds of butter, and is buying more every week.

Primary receipts of wheat amounted to 1,827,000 bu compared with 2,741,000 bu last week and slightly over 6 million bu last year. Minneapolis and Kansas City stocks so far this week show a net increase of 452,000 bu. Wheat prices were mostly firm although changes were not great from the previous season.

As we have mentioned earlier not a great deal of pressure came from first hands. Export sales of 4 cargoes wheat were reported to Italy but these covered shipments to be made during July and August and the transaction did not have much market effect although many hedges were covered in the pit.

Corn prices held relatively well with the July future still maintaining a fair premium over the more distant months. The demand is still slow, but on the other hand not much is being offered from the country. Beans showed the greatest activity. They were weak, but liquidation was very orderly but apparently some holders were inclined to even up.

More tenders were made on delivery but the open interest in July is still big.

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CHICAGO, 4

July 7, 1950

One of the seven great wonders of the United States was that under a system of free markets, free prices and the free contract, that we were able to steadily increase wages while at the same time hold in check the price of human satisfactions. It is no secret that the automobile workers of this country were the highest paid of any in the world while the prices of cars were the cheapest. This was true because of the great American genius and our technological developments of putting better and more tools in the hands of the worker so that his output per hour increased as much or more than his wage. This all took place in a climate of free enterprise when the profit motive was respected and when unlimited competition was the regulator; in other words, free market.

Under our present status where the great regulatory power is no longer competition but Government policy, we find that as wages continue to rise, higher costs are handed on to the consumer and while it may not have hurt profit volume up to this period, it is still a question under the present climate, how far we can continue without having a breakdown. Surely, the new method is not nearly so satisfactory as the old one. At present climbing costs and higher wages about keep pace, thus depriving workers of the advantage that they formerly possessed. Certainly markets and prices are no longer free in any such sense as they once were.

Ever since the discovery of America, wages have been paid out of production and not out of profits. It was technology's part to keep the labor cost down while wages went up.

When our market opened this morning, it was influenced by almost perfect weather which was reported in various parts of the country. Widely scattered showers had occurred over the Spring wheat belt and the Canadian provinces while the Southwest and Corn Belt areas had generally fair weather. The forecast is for scattered showers Northwest also the same for Canada while it will be a little warmer and clear for the Corn Belt and probably over the Southwest. Thus harvesting operations should soon be resumed and this may bring a little more pressure into our market unless there is increased export or domestic flour business to overcome it.

We do not yet have the official exports of the United States for the past season, but according to Broomhall, the wheat and flour shipments have totaled 294 million bu as compared with 500 million a year ago. As we have pointed out repeatedly in these letters, world shipments have been considerably smaller than the season earlier but yet greatest reduction was from this country while Canada shipped about the same quantity, Australia only a slightly smaller amount with actually heavier clearances from Argentina. Canadian wheat and flour exports last week were nearly 5 million bu which was considerably less than the week before. Their total is 210 million bu since August 1, 1949. The amount available for export and carryover after allowing 140 million bu for domestic usage compared with 130 million bu a year ago would still permit shipment of 4 1/2 million bu for the balance of the crop year to have the same carryover of 102 million bu that they had in the reserve stock on August 1, 1949.

Around noon, a Washington dispatch said that there would be an important military announcement later in the day which seemed to be the basis for an advance in our markets. This was accompanied by weaker stock market quotations. There was no other news to account for the sharp recovery from a lower market earlier.

Cargill, Inc. Crop Report points out the dryness in parts of the Northwest affecting wheat and other crops but stresses the excellent outlook in western North Dakota and Montana. In general, their report was optimistic on grains although sections of the corn and oat belts are not progressing satisfactorily.

Country selling of corn was on a much freer basis and during the session there were reports of about 160,000 bu booked by rail and 250,000 by barge. The barge bookings are not always reported but neverthless these were substantially more than we have privately heard for some time.

It is confirmed that the ECA has cancelled allocation for soybeans for Germany, which seems to end chances of any immediate export sale of soybeans from this country. The oil and meal markets were lower but despite this the coming military announcement was instrumental in boosting soybean prices later in the session.

Primary receipts of wheat were 2,399,000 bu, no doubt being held down by the wet weather in the Southwest as interior receipts in that area are running quite small at the present time. Last year's primary receipts were 5 1/4 million bu. So far this week Kansas City and Minneapolis stocks show 900,000 bu increase indicating an increase in the visible. Last year for the corresponding week all points increased 15,995,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 10, 1950

News from Korea over the weekend was decidedly better, and we still see no reason to expect that an armed conflict with the Soviet is likely in the visible future. One authority points out that the Korean show-down is a far less serious matter than the Berlin blockade was two years ago. If the Russians had given up without a single shot in their attempt to conquer Berlin, would they risk everything for a minor item in global strategy and start out some 5,000 miles from their main base. Nevertheless, they are not consuming their own manpower on the present issue, and if they accomplish nothing but sheer nuisance, the cost of American lives and dollars, and the uprooting of South Korean economy are probably regarded in Russia as favorable items on the Bolshevik balance sheet.

When our market opened this morning it was little influenced by the Korean news, nor by the stock market, which was a shade lower. Some attention was paid to the extremely heavy rains in parts of the Southwest, with probably greater precipitation shown in Nebraska than in Kansas, but yet there were many sections where the moisture had been very heavy. Some tremendous rains in northern Kansas and southern Nebraska had caused floods in areas which may mean loss to wheat, and certainly will hold up harvesting, but on the other hand, it will make more high moisture grain, and in the long run may put a larger quantity on the market than if the quality had been good enough for the wheat to be impounded.

Soybeans which were higher at the opening, also reacted, but the weakness was offset by a very bullish report on cotton, which naturally would mean a smaller quantity of cottonseed oil. Therefore, this is an item which cannot be overlooked, as naturally, it would be bullish on all oils, meaning a lesser supply.

Receipts in the Southwest were rather heavy, with nearly 1,500 cars at Kansas City, but there was also some milling trade, with hedges removed at Kansas City and Minneapolis, and probably some here, although it is generally felt that the big business of the past two days may have been completed now; therefore, we may not have the same rush to buy. While it is generally felt that surpluses are a blessin rather than a burden during a period of troubled times such as we are going through, it is doubtful in our opinion whether we would dare send the tremendous quantities of food abroad if there is any possibility of building up stockpiles that might get into the wrong hands. Moreover, many people believe that the time has come when a comprehensive survey must be made of all the types of claims on our economy, and that these be allocated on a priority basis, according to their relative importance since taxes now are already in the danger zone. In view of the pressure of expenditures on our impaired margin of safety, it is highly essential that government waste or unnecessary expenses b e kept to a minimum. On the other hand, the time has come, if we are to remain solvent, when hard choices must be made on government expenditures for money being provided by taxpayers. For eighteen of the past twenty years the Federal Government has operated in the red.

When the visible supply of wheat was posted there was an increase of 8 1/4 million bu, which brings the total in all positions to 171 1/2 million bu which compares with 126 million bu last year at which time Enid was not included. The corn visible decreased 1.6 million bu reducing the total to 38 1/2 million, but there is still 28 1/2 million more on hand than a year ago. The oat visible decreased 174,000 bu leaving 10 million bu in all positions against 6.3 last year. Chicago wheat stocks declined nearly 1/2 million bu leaving 3.1 million bu here, corn declined 125,000 bu leaving 8 1/2 million bu here. Oats had a negligible decline. There is only about 1 million bu in this market. Rye increased 180,000 bu to 5.1 million. Beans at Chicago showed a slight increase with 3 million bu here.

Trading was not too active although the great strength in cotton had considerable effect on beans with a new crop futures selling at a season's high. This brought considerable firmness into other markets after the early weakness. Milling demand is still rather slow for this season of the year, although during the past few days a much better business has transpired.

There is a little more corn moving from the country but apparently not enough to depress the price of the July future which is still very strong as compared with the deferred months. Likewise, cash corn is selling at a premium over July which indicates no weakness and all of this apparently results from the heavy feeding of animals which has and is taking place.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 11, 1950

The overnight news from Korea was anything but cheerful; yet, it failed to attract too much attention marketwise for the reason that losses and gains are bound to be reported until we have final victory. It is still a great question how much influence it will have on our economy providing the conflict is localized to that area. We are beginning to realize more and more that the quest for security is world-wide; yet, the leaders of some countries have a peculiar method in trying to accomplish such a purpose. Even here at home, while we are trying to provide for old-age pensions, we have yet failed to provide security for the dollar which is being put away at the present time in preparation for relief to be spent in later years. The demands for protection against the hazards of life in this country have stemmed from the growing complexity of our industrialized society as well as from the depression of the 1930's, threats of war, and inflationary trends. As one authority points out, to aggravate the problem, medical science has extended the life span by one-third in the course of the past half-century. Since 1900 the number of persons 65 years of age and over has increased by 264% as compared with a 100% gain for the population in general. The great difficulty, of course, is that with the number of aged growing at a much faster pace than the rest of our population, they might finally become the most powerful pressure group in the country by demanding periodic increases in pension payments and would finally become a great load on the productive workers of this country.

When our market opened this morning, there was not much feature although weather in the Southwest was still unsettled, and in addition to the rains that have already fallen, the outlook is for more precipitation which will naturally delay harvesting operations, and, therefore, we may not have as much pressure as if clear conditions had set in. On the other hand, more wet wheat might come on the market which otherwise might have been impounded. There were light to moderate showers over the Northwest while some fairly good rainfall was reported over the southern portions of Alberta and Saskatchewan. Temperatures have fallen somewhat over Montana but it is rather warm and above normal over all other sections. Crop reports from the Northwest are still reasonably good but a continuation of fairly mild weather with additional moisture is reported necessary to keep the crop at its present level. This afternoon, we shall have an official report issued by the government but no surprises are expected in wheat.

We should like to point out that the new contract for trading in crude soybean oil futures will very likely be authorized for trading next week. The contract is for 60,000 pounds, equal to one tank car, and the price basis is that already familiar to the trade with Decatur, Illinois the pricing center, with proper adjustments made for deliveries at other points. Processors, refiners, handlers of oil in a brokerage capacity have all worked arduously with our committee in drawing up a mutually satisfactory contract to comply with Chicago Board of Trade rules and regulations with special consideration given to the peculiarities of crude soybean oil. A great deal of legal preparation was necessary to make this a contract both equitable and lasting. Sampling will have the careful supervision of the Board of Trade in licensing and bonding all samplers with both sampling and chemical analysis, based on methods provided by the American Oil Chemists' Society.

Primary receipts of wheat amounted to 2,374,000 bu. There was a holiday last week, a year ago they amounted to 5,569,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of 80,000 bu.

Around mid-day there was considerable buying of wheat futures, probably at a time when local professionals were short; some export business was reported to both Italy and Holland. This took a considerable number of hedges out of the pit, mainly December, but all futures in wheat were strong as a result of this buying. Other grains did not follow, but naturally were influenced by higher prices registered for the leading cereal. Soybeans were quite indifferent, and showed little response, probably for the reason that the new-crop was already at such a high figure that it is not becoming so easy to find investment support. In corn, there seems to be quite a large business from the country, bookings are increasing, and at the present level there is apparently more inclination to move grains. Milling demand is rather slow, except for isolated instances. We understand that Chicago elevators are buying more wheat in the country, and gradually we expect that the movement in the Central States will broaden. Quite a little more wheat was purchased here for July-August shipment, the price amounting to 3 1/2 under September for rail shipment, somewhat less by barge.

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DAILY MARKET LETTER

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CHICAGO, 4 July 12, 1950

After the close of the market yesterday the official July crop report was published, indicating a wheat crop of 956 million bu. This was some improvement over the figures given in June when the estimate was for a crop of 944 million bu. There were increases in Kansas and Missouri, also for some of the Central states, but also some declines with Texas reduced to 21 million bu, or only one-fifth as much as a year ago. The spring wheat crop of 236 million bu was slightly higher than last month. However, there was really no surprise in these figures; consequently the market did not open very much changed, although it was somewhat lower. As the government has pointed out, the indicated production for June is for the smallest wheat crop harvested since 1943. The bulk of the reduction, as compared with last year, is in winter wheat, which is down 181 million bu. Farmers throughout the country have seeded a smaller acreage than in any of the previous four years, so that with relatively heavy abandonment, we could hardly have expected anything better. Actually, there are 16 million less wheat acres for harvest than a year ago. The reestablishment of the Acreage Allotment Program naturally had brought about great changes. Winter wheat seedings totaled 53.2 million acres, which was about 15% less than a year ago, while spring wheat seedings of 18.4 million acres is about 19% below that planted last year.

In corn, planting was completed at about the usual time, even though it started somewhat later than usual. However, the acreage was surprisingly good considering the request for a big reduction, with the decline amounting to only about 4%, and production may amount to 3,175 million bu based on yesterday's figures. Hybrids are being grown more extensively this year, particularly in the non-commercial areas; with 83.1 million acres for harvest it is the smallest since 1894. Nevertheless, the outlook for production is still comparatively good, and compares with the ten year average of 2.9 billion bu. While farm stocks have been cut considerably from last year, we do not have the whole picture yet and until we find out how much is contained in steel bins it will be difficult to come to conclusions as to our carryover.

Probably the greatest surprise was in soybean acreage, with more than 1 million acres larger plantings than privately estimated, so that the trade feels that a crop of 275 million bu is now possible given normal weather conditions from this time onward. There is some rain forecast for the corn belt, which should be beneficial for beans also, but surprisingly enough the new crop futures of beans were only a shade lower when our market opened this morning.

The Korean news was definitely distressing, which gave us much lower prices for stocks, and possibly this also brought in some buying of grains, but not in noticeable quantities.

An oat crop of 1,395 million bu is indicated; this likewise was more than had been generally expected, while production of hay promises to be large enough to replenish supplies in areas where heavy feeding demands had depleted stocks. The new crop of 103 1/2 million tons, plus a carryover of nearly 15 million tons should provide a well distributed and ample, perhaps a record, supply per hay consuming animal unit.

Primary receipts of wheat amounted to 2,675,000 bu compared with 4,362,000 bu last week and 4,778,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 403,000 bu.

The usual pattern during war is for stocks to get weak, and grain to become strong. This apparently occurred today after early liquidation in the grain market. Wheat firmed up but finally closed a little lower than last night. Flour business is moderate with a fairly good volume being reported in some quarters. Bookings of corn were not burdensome but more is coming in by barge than by rail. The market, however, was subjected to considerable buying throughout the session, which gave us a higher closing and the July future which is liquidating slowly was also in demand.

Weather Southwest is still unsettled with more rain to come. This, of course, is delaying harvesting operations. That is particularly true in parts of Nebraska where flooded areas are being reported. Beans scored a good comeback. Oil prices were slightly lower but meal was unchanged. Considering the government report and the selling orders in the pit, this cereal behaved very well.

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CHICAGO, 4 July 13, 1950

The number of people at work during May and June set a new record for each month; unemployment is down to the lowest level since April 1949. Ordinarily this would have a bullish influence on the stock market, but because of the Korean news and the general feeling that we may gradually go more under a war economy, securities were quite weak during the first hour. This in turn had a somewhat bullish influence on grains.

As we look at the wheat situation, we are confronted now with a crop of about 956 million bu. If we add to this the likely reserve of 450 million bu from previous years, it would give us a total supply of 1,406 million bu. It is probably fair to say that domestic utilization will not exceed 700 million bu, and we doubt whether our exports will be more than 250 million bu, on which basis we conclude that the carry-over a year from now will be no less than it is at present. In these calculations we look for smaller clearances than in the crop year just passed, although European production may be a little smaller than earlier estimated due to recent adverse weather. However, it is not likely that we are going to send heavy ECA shipment abroad until conditions in the world become more settled.

In corn, as we pointed out yesterday, this year's acreage for harvest is 83.1 million acres, which is the smallest since 1894. The fact that we are still going to raise a bumper crop is due to more and better fertilizers, power equipment in most parts of the country, also more effective insect and weed control chemicals that are now available, and are being used so extensively. One must also take into account that 77.1% of the total 1950 corn acreage was planted with Hybrid seed this year. In 1933, the first year of the Hybrid series, only .1% of the total corn acreage was planted with Hybrids. By 1938 Hybrids were planted on 14 million acres, or 15% of the total corn acreage; by 1943 Hybrids were used on half of the total acreage. Thus, it can be seen that with the tremendous use of better seed that we are now getting wonderful results on a smaller area. In the heart of the corn belt, comprising, Ohio, Indiana, Illinois and Iowa, they are using 94% Hybrid varieties, showing that the farmer realizes full well how practical and efficient this method is. The nation's corn crop is estimated at nearly 3.2 billion bu, the indicated yield per acre is 38.2 bushels, and while a shade smaller than last year, is 5.3 bushels above average.

There were some good rains reported over the corn belt, but too much wet weather prevails Southwest, although clearing conditions are setting in, with the exception of the Texas Panhandle and Oklahoma. Harvesting operations have been held up, but yet there were nearly 500 cars of wheat at Kansas City. The movement in the Central States will soon be increasing, and already wheat is offered at very attractive prices so that elevators are able to make purchases at good discounts under September.

We have mentioned recently that trading in new soybean oil futures will start on Monday. Trading hours will conform with the well established New York Cottonseed market, with the exception that Chicago will be open on Saturdays. Trading here will be from 9:15 A.M. to 1:45 P.M., except for a shorter session Saturdays. The close of the market will be on a call conducted month by month, but this is the only call which will be made during the session. As a safeguard to sellers, contract deliveries in tank cars will be permitted during the last three days during each delivery month. These cars may be loaded at any point, but the same careful supervision of sampling will be exercised, as will be the case on other deliveries when loaded out of warehouses. Storage rates are prescribed as to maximum permitted, but will be at rates published by each warehouse. Very shortly margins and other clearing house data will be made known. Commissions will be $30 per contract for non-members, and $20 for members, including the round turn.

Primary receipts of nearly 3 million bu wheat were larger than last week, but compared with more than 5 million bu a year ago. Kansas City and Minneapolis stock so far this week show a total increase of 479,000 bu.

Trade in wheat was only moderate and must be regarded as small during the period of early crop movement. There was no definite trend with the close being at nearly unchanged figures. Corn was strong early but the country seems to be in a selling mood and many farmers are anxious to get their crib space back in time for the new crop. July beans were being covered and the nearby future was quite a bit stronger than the deferred months.

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CHICAGO, 4

July 14, 1950

The purchasing power of income based on conservative investments has been cut in half since the Social Security Act started operations in 1937. Since we generally follow British social welfare plans by a time lag of one or two decades, we think it might be well to study a statement made by Stafford Cripps, Chancellor of the Exchequer, who spoke of the great distribution of wealth in Britain to provide for extended social services. He said: ". . . for the future, we must rely rather upon the creation of more distributable wealth than upon the redistribution of the income that exists. Total taxation, local and national, is now more than 40 per cent of the national income, and at that level the redistribution of income entailed in the payment for Social Services already falls, to a considerable extent, upon those who are the recipients of these services. We must, therefore, moderate the speed of our advance in the extended application of the existing Social Services to our progressive ability to pay for them by an increase in our national income. Otherwise, we shall not be able to avoid entrenching, to an intolerable extent, upon the liberty of spending by the private individual for his own purposes."

When our market opened this morning, there was no great improvement in the Korean news, but yet we were influenced by a higher stock market, the latter after many days of declines and a good many lows established yesterday apparently reversing its action. This resulted in some selling of wheat futures but it might have come anyway as it is the time of the year when we invariably encounter more pressure from the marketing of new wheat. We also learned that the CCC yesterday was willing to accept bids for export at about $2.42 for #2 hard wheat in-store at Galveston. While this was 2¢ to 3¢ above the current market, it did at least show an inclination to reduce accumulations that had come under their control.

There were light showers in Canada and in our Northwest while generally clear weather was reported over the winter wheat belt and in the corn states. One of our good friends in Canada told us that he had been talking to a number of line elevator operators, and from present appearances they might have a really amazing crop in Western Canada this year. The moisture had been much more general than was generally indicated in the weather reports and that given reasonable weather from now on Canadian crop estimates might come as a real surprise. Canada exported 2.3 million bu of wheat and flour last week, which brings their total to about 213 million bu since August 1st. If we now assume 140 million bu needed in that country for domestic usage it would leave 117 million bu for export and carryover, or, in other words, enough to export 5 million bu each week for the remainder of the season and still have an unchanged carryover of 102 million bu on August 1, 1950.

Primary receipts of wheat amounted to 3,231,000 bu. This was practically the same as last week and compared with over 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 668,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase of 22 3/4 million bu last year.

Markets were inclined to be draggy, particularly wheat and corn. There were times when July soybeans were very strong and the open interest is liquidating very slowly. However, new crop beans responded more to weather conditions which are favorable.

We understand that some negotiations are taking place for the possible shipment of either beans or oil to Germany but ECA has not confirmed anything beyond conversation up to this time. A few more tenders were made on contract but this had very little influence on the market. The State Department said that the rock bottom terms for settling the Korean war are "cease fire" and a return to the 38th Parallel. Actual combat news was disheartening.

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CHICAGO, 4

July 17, 1950

The news from Korea was somewhat mixed, the Communist offensive was tremendous, and while their losses were great it was also a fact that we have been pushed back. Apparently this news had some influence on the stock market, and also was responsible for a higher grain opening, but there were other factors that had to be considered. The overnight flour business was extremely large, both chain bakeries and family patents were reported active with the result that a good many hedges had to be covered in the pit. Another factor consisted of heavy rains in the Southwest, the heaviest occurring in eastern Nebraska, those areas already having been flooded, but in any case it will probably mean some lodging of wheat in the fields and general abatement of field operations, and possibly lower quality of wheat, all of which will give us more damp varieties to deal with. In spite of all this there were 1,085 cars of wheat at Kansas City which was more than a year ago, but up to the present time there has not been a great deal of pressure even though export business has been rather dull.

The main thing we have heard on Korea lately has been news of combat. That country has always been a predominant agricultural country, about three-quarters of all Koreans being engaged in farming, so that agricultural production represents about three-quarters of the value of all production. The major part of agricultural activities are in South Korea, which produces rice and grains, but it is relatively rich in foodstuffs, but relatively poor in minerals and industries. Nevertheless, South Korean agriculture depended a good deal upon the Northern part of the country for indispensable supplies of chemical fertilizer before the partition of Korea along the 38th parallel. When the partition cut off their supplies South Korea was compelled to place dependence upon imported fertilizer, which naturally took longer, and changed the economic setup to some extent. By the end of 1949 imports of fertilizers amounted to 385,000 metric tons, and it came mostly from the United States. Should the Korean conflict be prolonged agricultural production is sure to be affected adversely, although it is not believed that the fighting which is taking place so far will greatly affect the farm output. Summer grain harvest and the transplanting of the rice crop already have been completed. In the 30's total Korean rice production was about 100 million bu a year, of which about 40 million annual went to Japan. These shipments were replaced by cheaper grains such as millet from Manchuria. However, that type of trade has not been resumed since the war. Unfortunately, the number of good seaports in Korea is hardly sufficient for military needs, and it must, therefore, be assumed that military shipments will take precedence over civilian import needs. Thus fertilizer may be in short supply for the rest of the crop year. On the other hand, it is not felt as though the fighting in Korea will appreciably increase the immediate need for agricultural imports. Only about one-fifth of the total area of Korea is farm land, the remainder being too mountainous for cultivation. Farms usually are no more than three acres per family, and human labor is the most important element as farm implements are very crude and scarce. The average diet of these people, outside of grain and vegetables, is fish, with practically no meat consumed.

Little attention here was paid to the 1951 wheat allotment set at 72.8 million acres. With average yields this would result in a crop of 1,150 million bu, and, of course, we must assume that the abandonment next year will be smaller than in the past season, so if we do not decrease our carryover supply, we should have enough for all purposes, even assuming that the troubled political situation continues.

When the visible supply of wheat was posted, the increase amounted to only 5 1/4 million bu compared with 22.8 million last year. Total stocks in all positions are 176.8 million vs 148.8 million last year, at which time Enid stocks were not included. Corn decreased over a million bu leaving 37.4 million in all positions against less than 8 million last year. Oats increased 44,000 bu to a total of 10 1/4 million vs 8 1/4 million last year.

At Chicago, wheat stocks increased 38,000 bu, corn decreased 391,000 bu, oats were a nominal increase, rye decreased 37,000 bu while beans increased 367,000 bu to a total of 3,367 million bu. Trade was influenced today by the great strength in cotton. This had a bullish influence on the oil and fats markets.

Trading in the new soybean oil contract was inaugurated and prices were very firm. Overnight flour business had quite an effect on wheat futures throughout the session and the close was strong, although best prices did not hold.

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CHICAGO, 4

July 18, 1950

The President will meet with his advisers this afternoon to discuss the topics of his radio talk and, of course, the Korean situation will be further surveyed but it is generally considered likely that about $5 billion will be asked for the continuation of hostilities in that section of the world. It is also possible that he will ask for stand-by power to allocate production of scarce materials like steel, but it is not likely that rationing or price regulation will be taken up at this time. The actual combat news was more encouraging and our great air strength inflicted heavy blows on the enemy although this should not be regarded by any means as a decisive turning point. There has been a definite stiffening on the front with tactical artillery fire helped by superior air support, and, all in all, the news is more on the optimistic side. This had a strengthening influence on the stock market, together with some vague peace rumors, but we feel that unless the U.S. is willing to reverse its stand with respect to admitting Chinese Communists into the Council that the overtures by India will not get very far.

Our grains were somewhat lower but this was occasioned by a sharp break in soybeans and good weather over the corn belt although clearing conditions have now set in. There were further rains in the Southwest, very heavy in some spots. While it is not desirable in those areas where the wheat has not been harvested, it should be favorable for the milo crop in Texas and all indications point to a bumper crop this fall. Dwindling wheat exports are going to make a big difference in our overall situation as time goes on. An all-time high of 504 million bu shipped in the 1948-49 crop season was reduced to about 300 million bu in the season just completed and we would not be surprised to see a further reduction in the twelve months ahead. This is already having its effect in railroad grain carloadings which have shown a substantial reduction since the 1st of January. After the close of the market yesterday, the CCC sold a very large quantity of wheat to exporters, possibly as much as 2 million bu. The price, we understand, was $2.43 fob, Gulf ports for #1 wheat and 1¢ less for #2 grades. This is not an indication that if the market declines that they will press their offerings but we rather take it that their action has been used as a stabilizing influence to prevent inflationary tendencies from occurring. The crop reports from the Northwest were quite optimistic, particularly one issued by the Peavey Elevator Company. It claims that a fair to good crop is in prospect and some winter wheat and rye will be cut as early as this week. Corn also has been getting along surprisingly well although some sections report that growth is retarded.

The five-day weather forecast was also very good for the Northwest. Temperatures are likely to be about normal to slightly below. Also, precipitation should average 1/4 to 1/2 inch in some sections while South Dakota is likely to get heavier amounts ranging up to 1 inch.

Primary receipts of wheat were a little larger, and amounted to 3,849,000 bu; this compared with 2,374,000 bu last week, and 6,890,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show practically no change.

After mid-session there was some strength in the wheat market, probably occasioned by lifting of hedges which was belated, but presumably against recent flour business. Since Monday noon, milling demand has fallen off rather sharply, but apparently there was enough buying recently to take care of the next three or four months' requirements. There was also a report from New York that Portugal was asking for offerings on 200,000 tons of wheat, and if this business goes through, will naturally be a market factor of some importance. Nobody knows yet whether Portugal will take hard or red wheat, but in any case we must figure at this time of the year on some foreign trade. It also remains to be seen whether the government will reduce its holdings further as they have plenty on hand if they decide to cut down their commitments.

Corn was reasonably firm, and there was no particular feature, although offerings from the country are not heavy, and very likely they may not increase much until farm work has been completed.

Beans were the outstanding commodity on the Exchange, having suffered the severest decline, with considerable liquidation in the July future, and there are only four trading sessions after today before the nearby delivery terminates.

Our advices from Canada are very optimistic with respect to the wheat crop, and the condition seems considerably better than last year.

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CHICAGO, 4

July 19, 1950

Before the grain market opened this morning, securities at New York were ery strong, averages being up nearly $2, all this probably being in response to good ews from Korea. There was considerable enthusiasm over a record established ith large numbers of men and equipment landed through amphibious equipment without a single casualty. Even during peace-time maneuvers the landing of such size sually involves some injuries but well trained crews were at work and besides there as no Communist sea or air opposition during the landing. Meanwhile, our Navy lanes have struck devastating blows on Communist planes and equipment north of he 38th Parallel and we have made a number of quick air strikes along the North-ast Coast with considerable damage inflicted on the enemy.

The weather map was still quite unsettled. There has been a large amount of ain reported in southwestern areas with probably more to come, although clearing onditions are developing in the western parts of the Belt. There has been a consider-ble amount of wheat futures bought by some of the larger mills and apparently urther flour orders had been booked. During the past week, it is figured that nearly 0 million bu of flour in wheat equivalent has been sold, and, of course, this required he removal of hedges which has given us considerable firmness even during the past wo days when the soybean market has been so weak. The fact that we have had so uch wet weather in the Southwest also relieved the market of excessive pressure lus the fact that the crops were so small in both Texas and Oklahoma that the move-ent was over almost before it started.

Corn is apparently making good progress although the Iowa Weekly Bulletin alled attention to the lateness of the season and compared it with 1947 when only bout 2% of the crop had shown tassels at this time. That year the average yield for he state was only 30.5 bu per acre and it is pointed out that unless rapid progress is ade from now on during the remainder of the season that the chance for frost amage might be a real factor. We do not hear of similar conditions elsewhere, and n Illinois, the condition of all major crops has been maintained or slightly improved uring the past week. Moisture has been adequate for both corn and soybeans and ith moderate temperatures continuing this naturally has prevented deterioration, articularly of oats, which had started off rather poorly. Corn in this state is show-ng a good color generally except for a few limited yellow spots where water has tood too long in low areas. The general outlook, while above average, indicates a rop somewhat short of last year. Reports on crop conditions from Europe are less nthusiastic than they were earlier, particularly in France, and there may be some ownward revisions before we finish. In any case, we do not look for much heavier equirements than had been recently forecast and the chances are that our own ship-ents during the coming crop year will be smaller than last season, particularly ith the fine prospects in Canada.

rimary receipts of wheat amounted to 2,695,000 bu, just a shade more than ast week and this compared with 3,626,000 bu last year. Kansas City and Minneapolis tocks so far this week show a net increase of 246,000 bu.

When the President's message was delivered to the Congress, it had a some-hat inflationary effect on grains in view of the fact that he had asked for $10 billion o protect Korea and to guard against aggression elsewhere. He also asked for con-rols on consumer credit and credit used for commodity speculation. Apparently no ationing nor price controls will be sought at the present but we do hear that either his afternoon or tomorrow a control bill of some kind will be introduced in the Senate nd nobody can tell how far-reaching this may be. The stock market after selling onsiderably higher reacted on this uncertainty. Other factors in the President's essage were about as expected and we presume that before long a tax program will e announced. There will be additional amounts of money needed to aid certain other ree nations whose security is vital to our own but there has been no indication how ig that might be. The President did warn that for a number of years both domestic nd foreign aid, as well as military expenditures, would run at a higher level than we ad previously planned.

Wheat prices were strong but corn was rather indifferent, and we heard, but annot definitely confirm, that CCC will extend the time on pur chase agreements for orn by 30 days and on sealed corn for 60 days. It is still considered likely that fter farm work has been completed that more corn will be moved from the farms in rder to provide storage and crib space for the next crop.

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CHICAGO, 4 July 20, 1950.

The North Korean forces launched a major push on Taejon. According to early reports the city was on fire, and apparently our troops fell back to safer positions, but we were handicapped by bad weather, and air missions were cut to 20, the lowest number in two weeks. Apparently planes were unable to break through the murk, although they struck at trucks and troop communications from low altitudes, and the results were described as satisfactory.

When the President addressed the Nation over the radio last night, there was not much added to the information that had been given earlier in his message to the Congress. He has emphasized the fact that his Administration requires broad production and crop control powers to meet national defense needs without inflation, and apparently he is seeking legislation to accomplish these aims. The stock market apparently found nothing new in last night's fireside chat, and most securities opened somewhat higher.

Our market had little to guide it other than the aforementioned factors, although weather was still quite wet over a large part of the belt, and we are beginning to learn of rather severe cuts in the testweight of wheat coming from northcentral Kansas areas; the early wheat from the same territory was running much better in quality. This reduction in testweight is due entirely to the continued moisture. Besides that there are complaints about car shortages. In fact, a message from McCook, Nebraska, stated that 130 elevators in that immediate territory were blocked because of inability to make shipments. As we pointed out recently, if it were not for the lack of freight cars, we might now have a tremendous run of wheat, as the farmer seems to be very well satisfied with the price he is getting. We, ourselves, are not receiving any demand for elevator space for storage purposes, and apparently this is the reason why there is not more hedging pressure in our market at this time. Some reports which have circulated in the Southwest were to the effect that the CCC had liquidated close to 5 million bu of its wheat stocks through export channels, but this figure may be somewhat high. In any case, their holdings are apt to be a damper over the market, and could prevent sharp advances, as they have the means to liquidate stocks if inflationary tendencies would otherwise occur.

One of our good friends who has made an extensive trip for several weeks in the spring wheat areas has given us detailed information of what he saw and heard. The moisture situation generally has been quite satisfactory, and so often in July we hear of parched fields with high temperatures prevailing, which certainly has not been the case during the past month. In his conclusion he leans to the belief that the government estimate on spring wheat is far on the conservative side. The one factor which prevents him from making a decisive estimate on the optimistic side is the possibility of damaging frosts around the early part of September. However, he thinks that even such a tragedy could still give us a crop as large as was estimated by the government, and barring frosts there is the possibility of a 300 million spring wheat crop, based on present conditions.

Not much attention was paid to Washington advices by the Department of Agriculture calling attention that cattle on feed for market in the corn belt was up 34% on July 1st as compared with the year earlier. The biggest increase was in Nebraska, which showed a gain of 65%, and the three most important states were Nebraska, Illinois, and Indiana, which had 1,424,000 cattle on feed, or 42% more than last year. However, if announced intentions are carried out 74% of the cattle now on feed will be marketed before October 1st.

Primary receipts of wheat were a little over 3 million bu today, somewhat larger than last week, and compared with more than 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 345,000 bu.

Trade in wheat was moderately active, prices were higher, and there was not much opposition; July beans were again down the limit, but for most of the session this failed to have much influence on the more deferred months. Milling demand was somewhat poorer. We did not note many hedges being taken out of the pit. Flour prices, according to The Southwestern Miller, have stiffened rather sharply in the past few days, probably due to the setback in mill feed, and buyers have intensified their resistance.

There was not much inspiration in corn, and the open interest is still big with only two trading sessions after today to consummate transactions in the pit. Country offerings were very light.

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CHICAGO, 4

July 24, 1950

The Korean news was certainly not good, but even assuming final victory in a matter of time, we are now recognizing more fully that either an all-out war or a series of minor incidents will mean much greater preparedness on our part and a longer period of deprivation for the average citizen. For the time being food supplies are more than ample, and there is no reason whatsoever for hoarding or stocking up on various commodities that were scarce during World War II. Production of food this year is expected to be about the same as last, which would be 38% more than in the five-year period prior to the war, and 20% above 1941. Stocks of most foods which can be stored are fairly substantial. Even granting that mobilization will be stepped up, it is not likely that military purchases for the immediate future will have a material effect on the over-all demand for food products this year. The Department of Agriculture likewise feels that, despite exports and military takings, this will have little more effect on food prices in 1950 than during last year. Besides the Department of Agriculture has substantial stocks of some foods purchased under price support programs, which could be made available to the armed forces. Also, food exports which were at record levels in recent years will probably be somewhat smaller this season, and we doubt whether heavy stockpiling will be attempted in Europe with the possible danger that such supplies might fall into the wrong hands.

Despite all this and because of the great uncertainties involved, we feel that it would be a great mistake to continue acreage allocations at this time. We should make every effort for an all-out production, thus minimizing the chance of any hardships and also precluding the possibility of price controls and further inflation, which is still a great threat, in view of the fact that industrial production before now was just about adequate to take care of our consumptive demand.

When our market opened this morning prices were somewhat higher and new-crop beans staged a rather sharp rally, although general trade was somewhat quieter than it has been in recent days. If anything has a value during wartime it would be soybean oil. Demands for edibles is always great and this commodity could be stored in Britain much more safely than on the Continent without the use of refrigeration; therefore, with the small cotton crop and the lesser quantity of cottonseed oil, it is generally felt that even with a larger acreage devoted to soybeans there may be a big demand during the coming year.

Most importers in the past twelve months have shown a distinct liking for Australian wheat, also for Argentine wheat, as well as for French and Syrian varieties, while there has even been a market for Pakistan wheat at fairly reasonable prices. Despite Marshall Aid, fewer dollars are being used to buy grain supplies from us and as we have pointed out in our letters on several occasions, only about 16% of our wheat and flour exports during the past season were to countries that generally pay cash; the balance was either to Occupied Japan and Germany or to ECA countries which obtain our goods on credit. We have been told that the Argentine Trade Promotion Institute is willing to sell almost any commodity of which it has a surplus at a lower price when payment is made in "free dollars." Later on when Southern Hemisphere crops are harvested, we might find considerable competition, particularly if the Argentine acreage is increased as now seems to be at least a good possibility. The Argentine Ministry of Agriculture talks of the very favorable response to a plea for larger plantings, with wheat increases running as high as 30 to 40%. Trade reports are less optimistic. The government has also asked for a 50% increase in corn plantings.

When the visible supply of wheat was posted, there was an increase of 6 1/4 million bu raising the total to 183 million bu compared with 168.6 million bu last year. At that time, Enid was not included. Corn decreased 214,000 bu leaving 37.2 million in all positions compared with only 6.7 million last year. Oats stocks increased 1 1/2 million bu to a total of 11.8 vs 12.1 last season. At Chicago, our wheat stocks increased more than a million bu so that we now have 4 1/4 million bu here. Corn showed a slight increase leaving us with over 9 million bu in Chicago. Oats increased nearly 1 1/2 million bu, the total stock being nearly 2 1/2 million bu. There was a small decrease in rye. Bean stocks totaled 3 1/2 million bu in this market having increased 226,000 bu during the week.

There seems to be the feeling that with higher taxes almost imminent that speculation in grains may decline. Prices eased off as the session progressed and reactions were quite general without too much buying being evident. A good many of our ships have been ordered to the Pacific and on inter-coastal shipments only American vessels can be used so that this is hampering some of our normal trade. Milling demand is much smaller but not surprising in view of the heavy orders that were booked last week.

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CHICAGO, 4 July 25, 1950.

Weather over the winter wheat belt was still unsatisfactory from point of view that there was considerable moisture again overnight and condition remains unsettled, so that further precipitation is likely. Despite this fact, there has been some harvesting between rains; so wheat is being gathered gradually but under rather difficult circumstances. Nevertheless, we expect that Kansas City will receive from 300 to 500 cars daily in spite of the car shortage and other handicaps, and at the moment demand is not particularly good for either export or domestic requirements, but on the other hand there are a good many people who are loathe to sell wheat futures short in view of the war conditions that prevail. One of our friends in the East sizes the situation up in this way; "We do not know whether the present crisis will develop into a global war, and if so, when. The Korean incident may or may not be followed by similar outrages at other points along the periphery of the Soviet Union. The prompt and forthright reaction of the United Nations to events in Korea may conceivably result in at least a temporary halt in the imperialistic advances of the Kremlin, but we don't know and we don't know anyone who does know beyond the 13 men in the Politburo and we have no information as to whether they have made up their minds either."

Washington is extremely busy these days trying to figure out what controls and allocations should be adopted while at the same time Secretary Brannan, appearing before the House Committee on Agriculture yesterday, talked of the mounting supplies of certain commodities, particularly perishables, and asked for additional funds in order to dispose of some of the accumulated dairy products and eggs. Furthermore, he spoke of the troubles encountered in continuing price support for potatoes. He mentioned, however, that the current high levels of supply and production are among the best guarantees against food price inflation but that, nevertheless, the Corporation was confronted with serious disposal problems for these perishable commodities.

It was reported that some corn had been sold overnight to Ireland from Baltimore, which figured about 21 1/2¢ over. This undoubtedly took some hedges out of the market, but besides there was short-covering by locals and our market turned rather strong right after the opening bell.

Broomhall again spoke of the improved situation of crops in the Argentine following recent rains and said that there were many districts which showed acreage increases up to 30% or more, as compared with last year. At that time only 14 million acres were sown to wheat. The government hopes to reach a goal of 17.3 million acres, but there is some doubt whether that can be accomplished.. In view of the heavier shipments, which up to the present time amount to 66 million bu vs. 42 million bu a year ago, it appears as though their carryover reserves would be cut down. Furthermore, home needs, which before the war ranged from 100 to 110 million bu, have been stepped up to as much as 125 million bu. Thus they should have no great difficulty in disposing of even larger quantities of wheat if they are raised. Argentina did not enter the International Wheat Agreement, and, therefore, is free to sell at whatever price level she deems best for her own economy.

Primary receipts of wheat amounted to nearly 3 million bu, which was somewhat smaller than last week, and compared with 4,637,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 177,000 bu.

Our commodity markets today were all strong, particularly beans, which advanced the full 10¢ permissible limit. Secretary Brannan was asked whether he favored selling of government surpluses at a loss if necessary to hold down food prices during inflationary periods when he came before the House Agricultural Committee. The Secretary replied that this was desirous for stemming inflation in any commodity of which the government held stocks, but he refused to elaborate on the exact execution of such practices. This is the first time thata price support program could be used to control prices according to the Secretary. We have already seen that in the case of wheat which has been offered for export, at least at the present time that the CCC has advanced its levels about as much as the market has gone up, so that recent liquidation has been next to nothing. There seems to be a little more activity amongst flour buyers, although general business remains relatively poor.

Corn prices were strong despite some profit-taking, and while there is some corn moving in the country there is still no great pressure on futures; today's short covering must have been quite substantial. New highs were registered for all futures. Also lard prices went into new high ground.

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CHICAGO, 4

July 26, 1950

After the close of the market yesterday the government gave the figure on the carryover of wheat, indicating that there was nearly 417 million bu in the reserve stock, which compared with 307 million bu last year and 196 million bu two years ago. While the current wheat stocks are more than one-third larger than in 1949 and nearly five times as large as the very small carryover in 1947, it is still only about two-thirds as large as the record carryover established in 1942 when we had 631 million bu. The trade had generally figured on a bigger reserve, and we frequently mentioned a figure of 450 million bu. While we do not have the complete data at this time, it would appear that either last year's crop was overestimated or else the domestic consumption must have been considerably over 700 million bu, which had been officially estimated up to this time. Since we have the export clearances now established at 300 million bu, we must assume that the computed disappearance after exports was 737 million bu. This brings to mind the possibility of heavier feeding, as we doubt very much whether the amount of wheat needed for human food has gone up very materially during the past twelve months. In corn it was quite a different story. We are not yet at the end of the crop-season, but as of July 1st there was 1,421 million bu on storage, this quantity being 10% greater than the previous record quantity a year earlier. July 1st reserves had been as low as 454 million bu in 1948, while the five-year average, 1943-48, was about 646 million bu.

The publication of the latter figures had a somewhat depressing effect on corn when our market opened, although we must not forget that a large percentage of reserves is in government hands; therefore, may not be available to the free market. We understand that after Secretary Brannan made his plea yesterday to sell perishable commodities at a sacrifice the administration decided to drop a legislative proposal to sell its stock of farm products domestically at prices lower than the law now permits. This may have had some influence on our wheat market, which opened somewhat higher, but, of course, the war psychology must be reckoned with, and for the time being nobody is very ardent in playing the short side of the market.

The weekly bulletins issued by Iowa and Illinois were generally good but stressed the fact that corn was late and that probably optimum temperatures will be required for the next week or two in order to escape the possible frost damages which are likely by end of September or early part of October.

Broomhall's reports on Europe indicated that some sections suffered from too much rain. It is still unsettled in France but despite this fact harvesting operations are progressing, and even though prospective yields and quality have been lowered in some districts, France should produce enough to take care of home needs. Therefore, with a fairly good carryover there is still enough to provide a surplus for export. Weather in Italy has been hot but heavy showers which recently occurred were beneficial to growing corn. It is mainly dry in Germany and rains are necessary for the best development of late crops. We are also told that there have been further widespread rains in the northern part of India and fall crop prospects are excellent.

To show the importance of the Chicago Board of Trade, we should like to point out that last year 77.2% of all wheat futures trading in this country was handled here, 11.7% at Kansas City and 8.8% at Minneapolis. We did 98.6% of the corn volume, 87.6% of the futures trading in oats, 92.9% of the rye volume, and 97.9% of the futures trading in soybeans.

Primary receipts of wheat were not particularly large and amounted to 2,263,000 bu compared with 2,695,000 bu last week and 2,780,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 539,000 bu.

Flour business was rather quiet and prices have advanced quite a bit from recent lows, which accounts for the fact that there is some indifference at this time. Likewise there is nothing much moving in export channels; therefore, in spite of war psychology profit-taking occurred, and particularly when the stock market turned higher, reflecting possibly more hope in the Korean situation. The outstanding strength today was in beans; oil was quite strong, which early influenced the lard market. Meal prices were a shade higher than yesterday, but for the moment old-crop beans are pretty tightly held by those who took tenders on contract, and it will be some time yet before new beans move, although some are being sold now from the country to secure the present high price. There is a fair amount of corn being booked from the country; hedges are coming into the market moderately, but prices seem to hold reasonably well.

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CHICAGO, 4 July 27, 1950.

The Korean news was definitely better, in some sectors we had taken the offensive and had recaptured some areas from which we had previously withdrawn. Also General McArthur's surprise visit to the battlefront was encouraging, particularly his confidence in ultimate victory after appraising the situation fully. This news had a rather stimulating influence on the stock market, and it was not surprising, therefore, that grains opened somewhat lower. President Truman stated this morning that any further mobilization steps, including price controls, wage controls, rationing and manpower controls would be taken all at one time. He hoped that none of these would be necessary, and that an all-out mobilization would not be required. Mr.Truman further stated that defense planners are working now on a proposal for further aid to the North Atlantic Pact countries to build up their arms. This undoubtedly will require much more spending than has yet been stipulated, and we are fully convinced that preparation is bound to continue on a vast scale for many years to come.

In spite of inflationary threats to our economy, Congressional leaders agreed today to knock out the food market stabilization provision of the Administration's defense bill. Thus it looks as though any move to liquidate Commodity Credit Corporation's stocks at market price has been killed at least for the time being.

This did not have much influence on the market early, particularly as there has not been any selling recently, and even though the government stated earlier that exports might come largely out of their holdings, the sales to-date have been very small. Asking prices have been either at or higher than the market, and thus there has been no encouragement for exporters who have sold abroad to come to the government in purchasing of supplies to be sent overseas. Actually the export business is rather small for this time of the year. Whether we shall clear as much as last season when 300 million bu of wheat and flour had been exported remains a question. Before the advent of war, it looked as though shipments would be further curtailed.

However, at that time European crop conditions were ideal, and since that period there has been deterioration. The weather over most of Europe has become more settled, and this includes France, as well as the U.K. There have been no new estimates of crops in European countries, although it is generally assumed now that wheat yields will fall below earlier expectations. In some countries the decline may have been rather heavy. Recent rains have benefited corn in Italy and in Hungary, but moisture is also needed for that crop in a number of other countries.

Here at home, the weather was again unsettled in the Southwest, with heavy rains reported in a number of areas. This has seriously delayed harvesting operations, and with the shortage of freight cars, the movement to market has been hindered. Showers and thunderstorms are likely again tonight and tomorrow for the Southwest, with seasonal temperatures. For the corn belt, it will be mostly fair, except for showers in Iowa on Friday. In the Northwest, temperatures have been rather high, although quite normal for July, except over southern portions of Saskatchewan and Alberta, also Montana where rather high temperatures prevailed. The spring wheat crop seems to be making pretty fair progress, and most of the state reports claim some improvement in small grains during the week. In South Dakota the rye harvest has ranged from 75 to 90% complete, and the oat harvest has started in south and eastcentral counties. Rainfall has occurred over most sections of Minnesota, and harvesting of small grains has started in the South, and should be quite general in a few days. However, some of the earliest sown fields are just heading out, and it will be at least four weeks before harvest. A year ago at this time harvesting of grain crops was generally finished in southern and central areas, and just starting in the north.

Primary receipts of wheat amounted to 2.7 million bu compared with 3.0 million last week and 3.9 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 831,000 bu.

Milling trade for most part is rather dull now although according to The Southwestern Miller one chain store was inquiring actively for another sixty days' coverage. In spite of this, wheat was rather weak without many new hedges coming into the pit, and, in fact, all grains were under liquidating pressure, particularly beans, which broke rather sharply, with apparently few shorts in the market and after all this cereal has had an extended period of rising prices.

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CHICAGO, 4 July 28, 1950

In another few days the Canadian crop season draws to an end, and since August 1, 1949, they have shipped 221.4 million bu wheat and flour, so that if the last week of their crop-year they ship 6 1/2 million bu, the reserve stock will be cut to 102 million bu, which would be precisely the same as last year. However, the prospects for the next crop are better than a year ago and moisture conditions on the whole have been favorable. Since April 1st Manitoba has had nearly 10 1/2 inches rain, which, of course, included the flood areas, but this compared with 7.7 inches the normal quantity received. Saskatchewan has had nearly 7 inches which was just about normal, while in Alberta 5 1/2 inches was somewhat deficient. Nevertheless, Searle Grain Company, Limited states that while a slight decline has been registered during the past week, it can still be said that fairly good rains during the week, practically maintained the remarkable improvement which occurred during the past three weeks.

As for rye, Canada has shipped only 680,000 bu overseas, although nearly 11 million bu left that country, practically all of it destined to the U.S., which augmented the shortage here, but by the same token it kept our price level considerably lower than it otherwise would have been. We are consuming about 26 million bu in this country, which is a reduction from previously, largely due to the fact that we are not a rye-eating nation. The amount for bread has diminished to about 5 million bu annually, and, of course, with the smaller acreages the amount needed for seed has also declined. We used to be a big exporter of rye, but under the International Wheat Agreement there has been no subsidy on rye shipments, so that wheat has naturally had the preference. However, we mention all these facts because there seems to be a rather bullish sentiment in rye at the present time, but in our opinion the big carrying charge is a handicap, and nobody can tell at this juncture just how much we will again have to absorb from Canada unless there is some improvement in demand from abroad. The rye raised in the U. S. is much more scattered than in years gone by; therefore, not so much comes to market. Formerly it was pretty well concentrated in the Northwest, so that Minneapolis and Chicago had big receipts. At the present time we have a stock here of 5 million bu, but there has been an admixture of Canadian and U.S. supplies, so that deliveries on futures contracts have been heavy, and there is a wider carrying-charge in this cereal than for any other grain.

According to Broomhall, there are some occasional interruptions at Argentine ports in the shipment of wheat but yet it seems to be moving out at a steady pace, and if the large unfilled contracts are taken care of unsold supplies at the end of their crop-year will be extremely small, so that the export potential in 1951 will be virtually determined by the size of the new crop. As for Australia, they will start to export in August against a contract with the U. K. involving 600,000 tons wheat and 100,000 tons flour. Acreage in Australia will not be far different from last year. True, there were excessive rains which curtailed planting in New South Wales, although in other states small increases have largely offset that reduction. Given normal conditions the harvest will be close to the big outturn gathered at the end of 1949.

Here at home fair weather has prevailed over all the grain belt areas except a few moderate showers Southwest, which were not regarded as serious. Somewhat higher than average temperatures are expected over the corn belt and for the Northwest, with mostly clear skies; therefore, weather conditions did not have much of an influence on our market.

Primary receipts of wheat amounted to 3,430,000 bu compared with 3,122,000 bu last week and 3,481,000 bu last year. Kansas City and Minneapolis stocks so far this week show an increase of 1,094,000 bu. There is no chance of the wheat visible increasing on Monday like it did last year when it increased 15 3/4 million bu.

Trade was fairly active at times and markets showed weakness during most of the session. Some of the Nebraska wheat now is being offered rather cheaply, and, in fact, the elevators here in Chicago are buying cash wheat at big discounts apparently making room by shipping some of the corn out, and, thus, we may finally get a fair stock in this market although small compared to last year. Beans yielded further ground although rallied before the close. A good many people apparently are confusing old and new crop. They seem to forget that we are going to have to absorb quite a few hedges after harvest. Corn declined but it seems to be holding relatively better than some of the other grains. The crop is not yet made.

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CHICAGO, 4 July 31, 1950.

The news from Korea is still not comforting, although our troops are being reinforced, and bombing operations are being conducted on an enlarged scale. This week may prove an important one in the determination of price levels and their effect on markets. Apparently sentiment in Congress is strenghening for all-out controls as suggested by Mr.Baruch, but the final nature of legislation is difficult to determine. Furthermore, this week Russian representatives assume Chairmanship of the Security Council of the United Nations, and the Russian course of action is unpredictable.

Weather over the week in North America was on the whole beneficial although further moisture was received in areas of the Southwest where harvesting is still to be completed. Canada received some very beneficial rains, and crop conditions are reported excellent in Manitoba. In Saskatchewan they ranged from fair to poor, while in Alberta crop conditions continue to improve. Reporting for Europe, Broomhall states that weather conditions recently have been more favorable for maturity and harvesting of wheat and other grains on the Continent. Despite recent losses reported earlier, a crop is still looked for equal or somewhat larger than last year. Corn conditions on the Continent are not quite as favorable, with early moisture inadequate, particularly in the Danubian Valley. This area is normally an important producer of corn and any material loss would increase requirements of other grains.

Friday afternoon the government released parity figures as of July 15th. There was no change from the original parity figures of the month previous, although apparently during the month the June 15th figures were revised downward. The Department comments that generally higher prices for most agricultural commodities resulted in the sharpest monthly increase in the index of prices received by farmers since March 1947. Price upturns were registered for hogs, cotton, and eggs, and also sizeable increases for wheat, rice, corn, soybeans, cattle, calves, and chickens. Part of the increase in the average price received by farmers is the result of the bolstering of demand by the reaction to the Korean situation.

Since our last market letter the USDA reported that for the week ending July 25th CCC confirmed sales of approximately 2 1/2 million bu wheat under the International Wheat Agreement. This includes wheat and wheat equivalent. Of this amount 176,000 bu was against the 1949-50 quota, while approximately 2 1/2 million bu was against the 1950-51 quota. Accumulated sales against the 1949-50 quota total 163,267,000 bu. This is against a quota of 235,858,000 bu. It is estimated that Australia and France will be the only two exporting countries selling their full quotas, while Canada may miss its allocation by 20 million bu.

France's domestic production, imports, and consumption of animal and vegetable fats and oils may be somewhat larger this year than last, according to the American Embassy of Paris. Butter production has been larger this year than last. The indicated 1950 increase in livestock slaughter suggests a larger production of lard and other animal fats and tallows. An increase is expected in olive oil from Tunisia. The entire fats and oils situation has steadily improved over the past several years, although the per capita consumption of edible oils and fats is about 15% below prewar; while supplies were readily available the relatively low purchasing power and the high price restricted consumption.

Primary receipts of wheat today totaled 5,099,000 bu vs 5,340,000 bu a week ago and 4,268,000 bu on the comparable day of last year. When the wheat visible was posted today it showed an increase of 14,243,000 bu. This brings the total to 197,276,000 bu or 12,867,000 bu more than last year. However, included now inthe visible is Enid, which accounts for about approximately 31 million bu. Chicago stocks of wheat increased 1,762,000 bu bringing the total to 6,010,000 bu. Corn increased 1,522,000 bu bringing supplies here up to 10,719,000 bu. Oats showed an increase of 471,000 bu bringing the total to 2,155,000 bu.

Early in the session, there was some evidence of flour business although the quantity was not of any great proportion. Export flour business remains extremely poor but the mills are somewhat hopeful of a considerable pick-up in flour business as the result of decline in prices. We understand that a strike vote is being taken in Buffalo with the possibility of a shut-down in mills within the next day or two but we have no further information. Wheat seems to be somewhat on the defensive with quite a littl tough wheat being received in Kansas City due to rains in certain sections of that area. In Chicago, red wheat is still selling at considerable discounts.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 1, 1950

News from Korea still shows the Communist forces gaining ground, although dispatches indicate that reinforcements for our forces are arriving in much larger volume and may be sufficient to now turn the tide and to stem what looks like the North Korean final great push. Their loss in manpower must be quite heavy and if ufficient damage is done by the time our forces are in ample number, it may be ifficult for the North Koreans to furnish adequately trained reserves.

Yesterday the Senate Banking Committee rejected three provisions of the administration's war power bill: namely, (1) authorizing the government to regulate margins for trading on commodity exchanges; (2) Permitting Commodity Credit Corporation to sell its surplus crops at reduced rates as a means of stabilizing prices; (3) Authorizing the government to specify down-payment and installment erms for private real estate trade. The same Committee also wrote into the bill pecific prohibition against invoking the Brannan Plan of buying and selling farm crops.

Broomhall in his latest review states that fairly optimistic comments coninue to come in from the major Southern Hemisphere producers. The wheat seedng season is now virtually completed, and early reports indicate that in Australia here has been little change in the acreage, while in Argentina plantings have probably been about 15% greater than a year ago. Early-season conditions are mostly satisfactory in both countries, although due to a somewhat spotty condition fairly regular rains will be needed in areas where reserve moisture is likely. Reports rom our own Northwest are a little varied, with harvest some two to three weeks away. However, since most of the crop reports were made up rains have occurred particularly in central Montana and Northwestern North Dakota, which have proved beneficial.

The USDA report stocks of soybeans in all positions as of July 1st as 45.9 million bu. This compares with 40.3 million bu a year earlier and this is somewhat higher than had been anticipated. Approximately 74 million bu disappeared during he April-June quarter, which compares with 75 million bu the similar period last year. About 48 million bu were processed for oil and probably 19 million bu used or seed during the quarter. The government's comment is that current stocks indicate that the usual rate of processing in the July-September quarter can be maintained especially with the likelihood that early harvested beans of the 1950 crop may be delivered before October 1st.

Generally fair weather prevailed the past twenty-four hours in our Northwest and over Canadian provinces. Heavy rainfall occurred in the Texas Panhandle and o a lesser extent over other sections of the Southwest, with thunderstorms in eastern owa and northern portions of Illinois and Indiana. Although the rains in north and northwestern areas of Kansas have interfered with the wheat harvest, in other sections f that state, and Oklahoma as well as Texas, rains have probably been more copious han at any other time in this period of the year, and speaks well for subsoil moisture and for preparation for fall sowing.

Primary receipts of wheat today totaled 3,462,000 bu against 2,937,000 bu a week ago, and 4,105,000 bu comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 75,000 bu.

There was some evidence of mill buying in the wheat pit this morning. We nderstand there was a moderate pick-up in flour business yesterday, but export business remains poor. From comments received, bakers, the same as the grain rade, are awaiting the outcome of news from the first day's session of the U. N. 5 grain elevators have been closed in Buffalo due to a strike which threatens to also tie up the milling industry in that city because of lack of supplies should this strike continue for many days.

Markets were lacking in any particular grain news today. The five-day forecast for North and South Dakota suggests temperatures averaging below normal, with some thundershowers by Friday.

The country movement of corn is rather light at the moment due to scarcity f boxcars, apparently many producers are bending their efforts at the moment to moving wheat and oats. There was liquidation in the bean market during most of he session, probably somewhat inspired by the government report issued yesterday.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

August 2, 1950

The proceedings in the Security Council of the United Nations Tuesday fur-
ished no surprises and were about what had been expected. In Washington, Chair-
nan Maybank urged the Senate Banking Committee to rush approval of emergency
nd standby economic control powers for President Truman. There seems to be
ather strong sentiment for the standby authority. What restrictions might be
vritten into the bill if presented are difficult to anticipate, but until more is known
t can only be a matter of conjecture.

Broomhall in a provisional estimate for sixteen European countries states
hat there is some increase in their combined wheat outturn compared with last
ear, and also slightly above the prewar average. Weather on the Continent has been
nore favorable for harvesting of wheat but reports continue to indicate that recent
ry weather has taken toll of corn and other late crops. Italy in particular has been
ffected by this weather with supplies of rice and bran now held to be insufficient
or home needs. In commenting on the situation the same authority mentions that
mporting countries are still economizing on wheat usage through high extraction
nd admixtures of substitutes, and feels that in the new season which has just
tarted further reductions will take place if IWA wheat continues to be priced near
he maximum provided under the Agreement. Should there be any cuts in wheat re-
uirements of Europe it will probably be at the expense of exports from North
merica, as the need still continues for the contination of conserving dollars.

In the U.K. the extraction rate of bread wheat flour has averaged about 85%,
iving the Britons a very poor quality bread. This despite the fact that 75% of their
vheat requirements are drawn from Canada, which country has always enjoyed a
reat reputation for the quality of its wheat. The fact that maximum prices under
WA have been the procedure again points out that there is "buyers' resistance"
vhen prices are artificially maintained, and consequently consumption suffers.

The USDA has just released the wheat acreage allotments by states, Kansas
s allotted approximately 14 million acres compared with 13,807,000 acres seeded in
949; Oklahoma approximately 6,300,000 acres vs. 6,117,000 planted the previous
ear, while the Texas allocation of 6,263,000 acres is very close to the acreage
lanted in the fall of 1949. So any favorable weather during the growing crop-season
ould give us yields larger than in the past season.

The Iowa weekly weather and crop bulletin points out that for the sixth con-
ecutive week Iowa temperatures were much cooler than usual, probably averaging
degrees below normal. The silking of corn is in evidence on about 9% of the acre-
ge against possibly 80%, which had silked by July 30th last year. It is usually con-
idered that 50 to 55 days are necessary for maturing of corn from the time of
asseling; therefore, it should be around the latter part of September before the
najority of the corn is brought to dry-weight maturity. The USDA in commenting on
tocks of corn as of July 1st states that it was the largest ever held on that date,
nd that if prospects for this year's crops are realized and disappearance continues
t the present rate, supplies of corn for the 1950-51 season may be the second largest
n record.

The Illinois Weekly Crop report states that cool temperatures prevailed
uring the first few days of the past week, but the latter part was warmer and humid.
rowing crops are less advanced, and field work has made slower progress than at
his time last year, but about in line with the ten-year average. Corn was about one-
alf to two-thirds in tassel compared with 90% a year ago, but not more than two to
our days later than the average. South Dakota weekly crop report claims that small
rains are reported filling well with quality generally very good, although yields
ariable. The Minnesota report indicates that grain harvesting was general in the
outhern areas, and just starting in the central portion.

Primary receipts of wheat today totaled 2,377,000 bu vs. 2,263,000 bu last
veek, and 2,048,000 bu comparable day of last year. So far this week Kansas City
nd Minneapolis stocks show a net increase of 346,000 bu.

There was some flour business overnight, but only of a moderate nature, and
nquiries seem to be lacking. Mills in the west are operating more actively because
f labor difficulties in Buffalo. While all grains were stronger today, there was
othing particular in the news to account for same. Trading in wheat was greatly
ominated by the action of longs. All reports seem to indicate that new-crop soybeans
re making good progress.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 · August 3, 1950

It is, indeed, unfortunate that aspersions are again being cast upon our system of futures markets. Everyone realizes that if we come to an all-out war effort, there will be changes in our economic system. However, those who feel that this country has reached its greatness through free enterprise, which means free markets, when peace again comes to the world do not want to see a totalitarian system in the United States. The Chicago Board of Trade has been in existence for over one hundred years. No institution of any nature could have survived two great wars and all other changes that have taken place in a century without having filled a necessary function in our economy. Attention has been called to an advance such as took place in soybeans. From a statement made the Department of Agriculture has been informed by responsible trade interests that the soybean futures market has not only been useless for hedging purposes, but that price gyrations caused by this speculation have caused heavy losses to legitimate merchandisers and processors. However, at the moment we have no future on the board that represents old-crop beans. The nearest month in which there is any trade is November, which represents new-crop beans, the price of which at last night's close was approximately $2.59 1/2. In the cash market yesterday spot beans or No. 2 yellow beans, track Chicago, were nominally $3.22 to $3.24, and the bid for No. 2 yellow beans to arrive in ten days was $3.02. So it is apparent that there must have been a demand for beans around such a price, despite the fact that there is no trading in old-crop beans and for new-crop cash beans there is a bid of $2.59 1/2, shipment by September 30th.

As far as the volume of trade is concerned, the speculative interest is necessary for a constant liquid market. Were we to have a market in which speculative interest was curtailed and facilities open only to hedgers, there would be great discrepancy between the bid and asked price and a greater variance than now exists in trading in stocks through an organized exchange vs. over-the-counter. When elevators must sell wheat to mills or for export if business is to be continued on a very small mark-up, there must be some assurance that hedges can readily be lifted or placed. An exporter selling wheat abroad usually stands in an overnight position, feeling that his hedges can be taken in within a reasonable range from the previous night's close. This, of course, barring any unforeseen news developments. The business is done on an extremely small margin. Should there be further risks entailed it simply means that the producer is finally the sufferer. On every cargo of wheat that is sold abroad subject to subsidies, with a 62¢ rate from the gulf to Europe, the government loses approximately $215,000. The exporter cannot afford many losses and must try to get his hedges in close to the basis on which he quoted. The government has a tremendous inventory of grains and other supplies that they can release in order to help control an upward spiral. A recent list published by the U. S. Department of Agriculture of commodity holdings available for export during the month of August includes 100 million bu wheat subject to market price on date of sale. Several weeks ago the government sold 3 to 4 million bu at the gulf around $2.43 in-store. Shortly thereafter cash advanced in the Southwest, and instead of holding their price, which would have been a considerable market factor, the government's price advanced with the general market. Unrestricted acreages would also act as a great curb to advancing prices.

Deane W. Mallott, Chancellor of the University of Kansas, in an address delivered in Winnipeg early in the year, summarized his speech by the statement that a study had disclosed no trace of influence on prices attributable to futures contract trading or to speculation in futures contracts, and that fluctuations do not vary from those common to other agricultural products in which there is no futures market. We should like to quote further from his most enlightening talk but unfortunately space does not permit.

Primary receipts of wheat today totaled 2,809,000 bu vs. 2,788,000 bu a week ago, and 3,008,000 bu a year ago. However, Sioux City was missing in today's report, Kansas City and Minneapolis stocks show a net increase so far this week of 448,000 bu.

There was very little in the grain news to affect markets, and in fact, trading in all pits was at a rather slow pace. Domestic flour business is moderate with the export demand poor. It was reported from New York that CCC had sold approximately 796,000 bu wheat, about 120,000 bu corn, and 143,000 bu rye to exporters. According to our advices from the Northwest if box cars are available there should be a good run of new oats within the next ten days or two weeks. Country offerings of corn were a little heavier, with the basis around $1.46 track country stations. This seems to be a price satisfactory to producers; however, on breaks offerings dry up.

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CHICAGO, 4 August 4, 1950

It is impossible as yet to forecast what final form Washington legislation will take on economic mobilization. The House yesterday passed amendments which would require the Chief Executive to impose wage and price ceilings on all materials and jobs which he finds materially affecting the cost of living when the Bureau of Labor Statistics and consumers' price index reaches a point 5% above its level on June 13th. There have been so many other amendments adopted that it is doubtful if this form will pass Congress, and it does not seem to meet the approval of the President. Without being an economist it would appear that 5% leeway is not very great, and having lived through days of OPA and restrictions, we know what effect such restrictions bring. Some Washington observers feel that finally it will be the standby controls as originally requested. Of course, the great question is whether we will enter into an all-out war effort or a longtime preparedness program. If it is not the all-out effort, then undoubtedly it will be some time before the effect of military demands are fully felt. Possibly some of the wild buying hysteria that followed the first Korean news has to some extent subsided. One example of how the public can be unduly exercised is the scramble that occurred for sugar. The U. S. has just concluded the purchase of 600,000 short tons of Cuban sugar reserves, which added to the 7,850,000 tons already determined for 1950, will furnish this country with the greatest supply of sugar ever available. There are other sources of sugar that can be tapped if necessity so dictates.

Today we were given Mr. Galvin's private estimate showing a probable corn production of 3,218 million bu, which is some 42 million larger than the government's July 1st estimate. It places winter wheat at 736 million, all spring wheat at 248 million, both being somewhat higher than the July 1st reports. The oat crop is estimated at 1,410 million and soybeans at approximately 278 million. All in all this shows tremendous crops either made or in the making and plentiful supplies are assured this country. We are fortunate to have in prospect very ample supplies of feed grains and other feed concentrates for the 1950-51 season, probably second only to the record of last year. In view of this situation and the favorable feeding ratio of corn and hogs, the USDA anticipates that production of meat in 1950 will be somewhat in excess of the past year.

Broomhall in reporting for Europe states that the French wheat crop is now expected to be somewhat smaller than last year. His agents place the estimate at 265 million bu, although the Minister of Agriculture still maintains an estimate of 282 million bu. With sixteen European countries reporting, it is anticipated that the total wheat crop will reach slightly over a billion bushels, which would compare with 974 million a year ago and 995 million for the 1935-39 average. Heavy rains in South England occurred where not wanted, some wheat has been lodged, but it appears that England and Wales will probably harvest around 90 million bu wheat this season, which would compare with approximately 82 million last year and 62 1/2 million, the five-year average, 1935-39.

Reports from Canada state that there has been a slight improvement during the past week in the total weighted moisture conditions over the three Prairie Provinces. The total stands at 81% of normal, which compares with 80% last week, and 76% at this time a year ago. Continued good rains in Saskatchewan and Manitoba, together with hot weather, which was needed, have greatly improved prospects in these two provinces, although the outlook in Alberta is less than normal. From our own Northwest, a friend of ours who has been on an extensive trip through North Dakota, although covering the northern half more thoroughly, said that everything was perfect and he never saw conditions looking better. There is a little black rust on the stem in a few places in the Valley but nothing alarming. He expects some movement in a couple of weeks.

Primary receipts of wheat today totaled 2,558,000 bu vs 3,430,000 bu last week, and 2,728,000 bu on comparable day last year. So far this week Kansas City and Minneapolis stocks show a net increase of 821,000 bu. When the visible is posted on Monday it will be compared to an increase last year of 9,923,000 bu.

There has been a sharp contraction in flour business, with inquiries quite disappointing. Export sales of flour are the poorest in months. Liquidation took place in all pits, and on the declines ran into stop-loss orders, with very poor support. All futures of beans closed limit down sellers. We understand from the Northwest that the CCC will sell spot arrivals of wheat in that market if the price is right.

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CHICAGO, 4 August 7, 1950

The news on Saturday responsible for higher markets was almost forgotten this morning. At that time there was talk of our government stepping up its shipments of wheat to Japan and negotiating for large-scale grain sales to India, although the latter would probably be mostly in the form of grain sorghums. However, Washington dispatches spoke of the possibility of stockpiling some grain in the Far East, , and if that were true, it would naturally mean heavier exports than we had figured on earlier.

As a bearish offset, crop conditions in the Southwest should be regarded in the light of the very favorable moisture situation that is now developing. There has been sufficient precipitation to get wheat off to a good start, according to advices we are receiving. Moreover, total winter wheat acreage might be quite large again and the total 1951 allotments including spring wheat are 72.7 million acres compared with actual plantings last year of 71.5 million. For the important southwestern States we tabulate below some comparative figures which we think are of interest:

STATE	1951 Allotment	1950 Allotment	1950 Planted Acreages
Kansas	14,077,057 Acres	13,890,780 Acres	13,807,000 Acres
Nebraska	4,096,359	4,203,362	4,062,000
Oklahoma	6,347,358	6,096,111	6,117,000
Texas	6,263,158	6,096,195	6,235,000

Even for Illinois we find that the 1951 allotment is for 1,697,406 acres, which is a slight increase over last year's plantings, and we mention it because the Illinois wheat being tributary to Chicago so often moves in this direction, although Chicago stocks until last week have not increased very much since harvest.

One might give an equally optimistic picture with respect to feed grains, as the corn supply is expected to again exceed 4 billion bu, including the large carryover; therefore, may only be a little below the record supply of last year, despite a smaller crop that is now in prospect. The growing season so far has been generally favorable for feed grains and within a few days we shall have new figures on production of corn and oats, as well as other cereals. The prospective supply of all feed concentrates for the 1950-51 season is only slightly smaller than the record supply of last year. It is nearly one-third larger than the prewar average (1937-41). There is some talk that with lower prices in wheat than we had a few weeks ago, possibly largerquantities will be impounded. This, however, is not definite yet and today's receipts in the Southwest are still quite large. Demand has fallen off and very likely if there are heavy exports a good percentage of the grain will come out of government stocks. Chances are that during the past week or ten days CCC has liquidated 3 to 4 million bu wheat to exporters.

Broomhall reports that general rains over most of Southeastern Europe have occurred, especially in Hungary, and these were very beneficial for corn. However, the prolonged drought has stunted growth and yields are consequently expected to be small. The Italian corn crop is smaller than recently anticipated, and probably for that reason some purchases have been made in the U. S. During the first month of the present crop-year CCC has confirmed sales of 10.3 million bu wheat and flour against 1950-51 quotas under the International Wheat Agreement. This is not too active a program considering that July, August and September are very often months of heaviest clearances.

When the visible supply of wheat was posted there was an increase of 10.3 million bu, bringing the total to 207.6 million bu compared with 194.3 million last year. At that time Enid stocks were not included. The corn visible showed an increase of 1 1/4 million bu; total is 38.7 million bu compared with 4.4 million last year. The oat visible increased 3/4 million bu to 12 1/2 million. This makes total stocks 8 1/4 million smaller than last year. At Chicago our wheat stocks increased 2 1/2 million bu, which was the first good increase of the season. We now have 8 1/2 million bu wheat here and 10.8 million bu corn, the latter having increased only a small quantity during the week. Oat stocks went up 630,000 bu, which gives us 2 3/4 million bu here. Not much change in rye; still close to 5 million bu in Chicago. There was a rather sharp decrease in bean stocks but still it leaves 3 million bu here.

At times our markets showed considerable weakness, particularly beans, but toward the last there was some improvement, particularly in corn where higher levels were reported, while in wheat the market was influenced by the great inactivity on part of mills. Some rains were reported in our Northwest and in the Canadian provinces. Before long there should be some hedging pressure from the spring wheat area.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 8, 1950

Late yesterday the Senate Banking Committee approved a rather comprehenive economic mobilization bill giving the President wide powers to ration consumer oods, control wages, and to handle prices and credits. A Senate debate on this easure is scheduled to start tomorrow. The Korean crisis and the emergencies that ay follow have already stimulated consumer-buying on a large scale. Department tore sales have increased sharply, and for the week of mid-July were 24% above he same period of 1949. The largest mail order concern reportedits July sales had ncreased nearly 55% over a year earlier. The administration is endeavoring to face eality on the military front, and it is equally important that they do so on the econmic front becuase if this is not done it may so weaken our system that we may lose he peace even after we gain a military victory. Never in our history have there een so many promises made by a government to provide benefits for the people, the ltimate cost of which will run beyond the trillion-dollar mark. Experts computing osts for rearmament now claim that it will require an expenditure of $35 billion for the next fiscal year beginning July 1, 1951. If we add to this the non-defense spending of about $24 billion, we shall reach a total of $59 billion. For the following fiscal year; namely, 1952-53, defense costs might easily soar to $40 or $50 billion. Taking the extreme figure, added to still higher future non-defense spending, it would increase government expenditures to $80 billion. Thus it can be seen what inflationary tendencies are likely, if we continue to grant subsidies to pressure groups regardless of the pretext for their importance.

As a result of past blunders in international and fiscal policies, our country faces the most crucial test in history. In the last war, despite the recognized evil effects on inflation, there was no real disposition to combat these dangers. Whenever there is discrimination it stirs up discontent at a time when unity is so essential. The government through price support programs has enormous stocks of butter, cheese, dried milk, dried eggs, wheat, corn and a host of other commodities too numerous to mention in a letter of this kind. Congress will have to appropriate more money for the Department of Agriculture to get rid of many of these stocks before they spoil. Meanwhile the public in some communities, and for some commodities, has indulged in what borders on panicky buying of sugar, coffee, canned goods, nylon hose, while at the same time there has been a rush to buy refrigerators, deep freeze units, automobiles, tires, and many other durable goods for which there is no futures market. Even in building the government has played an important role due to the excessivly liberal lending by federal agencies to take care of the heavy demand for housing. New construction for the first six months was close to $12 billion, or 17% above the corresponding period of 1949.

Primary receipts of wheat amounted to 2,379,000 bu compared with 3,462,000 bu last week and nearly 4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 23,000 bu.

Trade today was influenced by some worsening of the Korean news although the stock market was very strong, influenced by the rise in General Motors. The rest of the market was spotted. In addition to this, there was a very bullish cotton report indicating a crop of only 10.3 million bales which, for a time, influenced oils and this resulted in some short covering of beans so that we had a reversal of yesterday's trend. A little more firmness was reported in cash wheat markets southwest but nothing very pronounced and storage space is still so well filled that congestion is reported in a number of markets and we hear of no gulf wheat being sold for export. Thus, there is still an embargo at the gulf which may last until heavier loadings take place. The milling demand showed slight improvement but unless we get a decline in price there is no reason to look for any great improvement, at least for the time being.

The Searle Grain Co. of Winnipeg estimated the wheat crop for the Prairie Provinces at 484 million bu, oats 272 million bu, barley 171 million bu and rye 16 million bu. The crop, however, is two weeks late, and therefore, they call attention to possible damage before harvest from frost. They also say that heavy leaf rust is apparent and it seems to be a new variety. We also heard of some scattered rust reports being circulated in our Spring wheat territory.

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CHICAGO, 4

August 9, 1950

On July 1st, the four major exporting countries had 118 million bu more wheat on hand than last year, divided as follows:

	THIS YEAR	LAST YEAR
United States	417 million bu	308 million bu
Canada	122	126
Australia	88	63
Argentina	60	72
	687	569

According to the Searle Grain Company, Limited crop report issued late yesterday the three Canadian Prairie Provinces have a prospect of 484 million bu wheat, which compares with 337 million bu last year. There were also increases all along the line with the oat crop estimated at 272 million bu compared with 190 million bu last year. The barley forecast of 171 million bu was made, which compared with 109 million bu last year, and indicated rye production of 16 million bu compared with 7.5 million bu the year earlier. Thus almost twice as much rye is in prospect for the Provinces alone, and we regard this as important because Canada consumes very little rye and the larger portion is exported. Even last year they shipped 3 or 4 million bu more than was actually raised, thus taking advantage of the carryover reserve from the year before.

Just recently Secretary Brannan charged that increased speculation in commodity futures had contributed to price increases, which apparently was his argument in trying to obtain authority to further regulate trading on commodity exchanges. Apparently he loses sight of the fact that for every buyer there must be a seller, and that very often there are just as many people who are willing to risk the possibility of a lower market, thus offsetting those who are on the constructive side of the market. Furthermore, if prices become unduly high the producer can take advantage by selling futures against their grain, which may not be available for the spot market. There have been any number of articles which have advanced since the crisis in the Far East started June 25th. The index of wholesale commodity prices has risen about 14%. Many of these were not traded actively on an exchange. It was only natural that such items as tin, rubber, and pepper, whose chief sources of supply were in Asia, should have led the advance. Actually, the government was largely responsible for having created a shortage in cotton due to the heavy cut in acreage. The President has pointed out that there was no basis for consumer hoarding, particularly of food, and we believe some of the buying pressure is gradually subsiding.

War even on a small scale is regarded as inflationary. During the last World War about $400 billion was spent for military purposes, and of this amount 44% or $176 billion was collected in taxes. The largest share or $222 billion was borrowed and was furnished to the extent of 40% by the commercial banking system, including the Federal Reserve Banks. The reason that financial institutions took such a disproportionate share of government securities was due to the fact that the public did not invest a larger proportion of its war-swollen surplus funds in these bonds. It is highly essential that we adopt a sound fiscal policy realizing that we do not have unlimited financial reserves at our command. While naturally we cannot stint on the war effort appropriation, or whatever it takes to bring victory, the government should realize how imperative it is that non-essential spending be cut to the bone. It has been estimated by authorities in both political parties that by eliminating waste and extravagance, at least $5 billion annually could be saved without in any way impairing necessary government services. Wasted money not only diverts manpower, materials, and facilities from the defense effort, but provides comfort and aid to the enemy.

Primary receipts of wheat were somewhat smaller, and amounted to 1,714,000 bu, which compared with 2,377,000 bu last week and 1,311,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 286,000 bu.

Markets were generally weak. With the improved news from Korea, and a stronger stock market, it was almost a foregone conclusion that some liquidating sales would occur. Crop news from the Northwest was likewise good. There were several cars of new South Dakota wheat in the Minneapolis market, which brought a good premium. Farther North cutting will be general in about ten days. Flour business continues rather indifferent.

Beans were weak and meal prices have declined sharply from recent highs.

There was an unconfirmed report that 15 cargoes of Manchurian corn and some milo

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CHICAGO, 4

August 10, 1950

Before our market opened the Korean news was mostly of an optimistic nature; in fact, to such an extent that the stock market opened rather firm, particularly television stocks, which were sharply higher. This may have induced a little selling of grains, but at the same time recent declines in the market have improved the technical position, and it is generally felt that even though we are going to get some pressure from the movement of spring wheat, if the declines should extend much further larger quantities would be impounded. In the Northwest prices, including premiums, are on a basis where the farmer might be induced to put his wheat on the market, although in the Southwest this is not the case except that there is a fair amount of wet wheat, which naturally is a little bit more difficult to handle for immediate storage.

CCC announced late yesterday that it was making awards for the purchase of 88.8 million bu capacity of bin type and comparable grain storage structures. This apparently was an additional emergency measure to get sufficient facilities to help handle grain which would be turned over to the government this fall under the price support program. All of these structures that are now being bought are of a semi-permanent type, and while they could be dismantled and moved to other locations and converted to other uses, the fact remains that the government had added so tremendously to its storage that it becomes a permanent menace to the grain trade and suggests the possibility that de-hoarding of grain is not immediately in sight. After all, these new bins when delivered will bring the total government-owned storage to 542.8 million bu, by far the largest ever owned by our government or probably any other government. All but about 45 million bu of this has been constructed within the past year. Thus it is obvious that the government holdings of grain must be in large part responsible for the comparatively high prices now prevailing. Therefore, when certain parties charge increased speculation in commodity futures, they cannot be telling the full story with respect to what has taken place. Consequently, arguments for trying to obtain more authority to regulate trading on commodity exchanges appear to us unnecessary and unjustified. There is considerable debate in the Congress as to whether such authority should be granted the President, even in view of the other emergency measures that are being sought, and which will probably be passed in order to give the administration control of wages, profits, and manpower.

According to Broomhall, U. S. shipments of wheat and flour last week were 3.3 million bu, which brings the total for the season to 18.3 million bu compared with 26.8 million a year ago. It is obvious that with the recent improvement in European crop conditions, the demand will continue to show a declining tendency unless we try to stockpile grain outside of the U. S. boundaries. Even foreign shipments of soybeans have shown a decline as compared to last year. Since November 1, 1949, they have amounted to 11 1/2 million bu, a reduction of 4 million bu in comparison with a year earlier. Exports of barley, oats, etc. this season have been only minor, and about the same as for the comparable weeks last season. While we do not have the official carryover reserve of wheat yet for Canada, it looks very much as though the figure will be 102 million bu, or virtually the same as in 1949.

Primary receipts of wheat were nearly 2 million bu compared with 2.8 million bu last week and 2 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 505,000 bu.

Markets were probably weakest during the first hour of trade. After that an eastern advisory agency advised covering of commitments which probably induced short covering and we had rather substantial rallies in the various pits. Corn showed a very good undertone and while it was weak early it seems to be influenced by more activity than is general at this time of the year on part of distillers. Very likely the Korean situation is responsible for heavier buying of corn for alcohol and spirits. The soybean meal market was lower again and while this influenced beans for a time they also had a fairly good recovery. Milling demand is still only moderate although there is some possibility of a better trade developing soon. After the close the government report will be issued and we expect rather optimistic forecasts.

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August 11, 1950

The government report issued after the close of the market yesterday afternoon again points out prospects for bountiful crops, with a total aggregate outturn 24% larger than the 1923-32 average. The estimate on wheat was raised 40 million bu from the July 1st figures. The outstanding feature is that feed supplies for the 1950-51 season will be nearly as large both in total and per animal unit as the record supplies of 1949-50 season, with the number of animal units to be fed about the same as a year ago. To the heavy carryover of feed grains dominated by the record stocks of corn will be added the fourth largest corn crop, a very large oat crop, the second largest outturn of sorghum grains, although smaller than average barley crop, while hay supplies will be the most liberal on record per hay-consuming animal unit.

During the season which ended July 31st, the International Wheat Agreement quota for the U.S. was 235,858,000 bu against which we actually sold 162,872,000 bu, leaving an unused balance of 72,986,000 bu. Of their 205 million quota Canada sold 183 million, or a deficit of 22 million bu. The full quota was completed by Australia and France. Some of the larger importers, such as Germany, did not take their requirements by 35 million bu. Italy's importations were 27 million bu less than their original 40 million. Brazil probably imported her full requirements but only purchased 1 1/2 million out of 13 million allocated under the agreement taking a large share of her imports from the Argentine, which country is not covered under the Agreement. For the first few weeks of the new season, the U.S. has made a very slow start. So far only 16 1/2 million bu has been contracted for August and later shipment. In normal times this is a period of very heavy bookings. Our quota for the present year is placed at 226 million bu against a total export quota of 530 million bu. On the other hand Australia has already consummated a liberal business, having sold 66 million bu out of their allocations of 85 million bu, and Canada 27 million bu out of a probable quota of 215 million bu. There is no earmarking of quotas by the individual exporters and importers, only the over-all limitations prevail, so that Canada or any other participating country could sell to any of the importers within the bounds of the Agreement. Canada's prospects this year might permit exports of 350 million bu, which would necessitate finding buyers for about 135 million bu in excess of the IWA quota. Last year France's total exports are about 37 million bu, although their share under the agreement was only 3 1/3 million bu, showing that France was in a favorable monetary relationship with certain other countries, and the exchange of goods helped in the sale of wheat. Argentina has a favorable outlook for their wheat crop this fall on a somewhat increased acreage from last year, and undoubtedly will be offering wheat in competition with the IWA countries. Present crop prospects in the U.S., plus the carryover on July 1st, were 42 million bu less than the year previous. With export sales starting off slowly, it would indicate that we may have difficulty in maintaining our exports at the same pace as last year, and way under the record of two years ago when 500 million bu left our shores.

Primary receipts of wheat totaled 2,068,000 bu vs 2,558,000 bu a week ago and 2,692,000 bu on the comparable day of last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 579,000 bu. When the visible is posted on Monday, it will be compared with an increase last year of 4,686,000 bu.

Moisture had been received overnight in the corn area, particularly east of the Mississippi and further rains are expected in the southern part of Illinois and up the Ohio River Valley. There was short covering at the opening this morning, particularly in beans, as some traders had anticipated that the government estimate on beans might be higher than the private figure which we had early in the month, and also, due to the fact that the corn prospect was slightly under the private estimate. However, it still leaves us with a bumper bean crop and one of our large crops. Lacking any constructive news the early morning bulges did not hold. Flour sales are of a restricted volume with buyers showing little inclination to follow any advances. Mill feeds have been declining in price and soybean meal has shown great weakness. With fine prospects for all crops, it will take better demand than exists at the present time to again restore much enthusiasm.

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CHICAGO, 4 **August 14, 1950**

Pressure is building up for price controls, and apparently demands are increasing that some thing be done immediately to hault rising living costs. Mr. Truman is watching the price and wage situation closely, and we are told that he will not hesitate to apply controls whenever he considers the necessity exists. Naturally war fears and the tremendous spending are factors contributing to the inflationary spiral. The huge public debt that has to be serviced and the outlays required by World War II were a most important influence in this general development, but we can trace some of the factors further back to as early as 1934 when we deliberately devalued our dollar. Since that time there has been an almost uninterrupted rise in living costs to the extent that there is no longer as much security to the dollar. In fact, with all the propoganda of trying to establish social security and security for almost every segment of our existence, there has been nothing of a concrete nature to stabilize currency in this country. The late Lord Keynes, who gave so much attention to these matters, and who contributed so much to the institution of governmentally managed economy in this country and England, made the following observation a good many years ago: "There is no subtler, no surer, means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose." Dr. Walter E. Spahr, Chairman of the Economists' National Committee on Monetary Policy, has pointed out that an irredeemable currency is a debauched currency. He maintains: "The executive department of the United States Government, the Treasury, most Federal Reserve authorities, the majority of Congress, and, of course, the general public, including a large number of economists and newspapers of the social, pro-government-management variety, are all doing their best to perpetuate an irredeemable currency in this country."

When our market opened this morning, it was influenced by somewhat better news from Korea, and apparently there had been heavy short-covering of grains last Saturday. There is still the threat of rust in our Northwest and in Canada. Apparently a new variety of disease has been found which, it is claimed, is even attacking rust-resistant varieties of grain. Were it not for the fact that present weather is so satisfactory, we would take more cognizance of some of the reports now being issued. Naturally hot, muggy days might be responsible for the spread of this infestation, and the final returns might be considerably reduced from earlier estimates. Fortunately, however, we have enjoyed bright, cool weather with northerly rather than southerly winds, and, therefore, reliable people tell us that the development of rust has not been rapid. However, until it can definitely be established that this threat no longer exists, we presume that there will be some hesitance in taking a short position even with the movement of spring wheat closer at hand and the likelihood that our market may have to absorb a considerable number of hedges.

When the visible supply of wheat was posted, there was an increase of 9 3/4 million bu. This raises the grand total to 217 1/2 million bu compared with 199 million bu last year. Corn decreased 1/2 million bu lowering the stock to 38 million. A year ago, there was only 5 million bu in the visible. The oat visible increased 1.1 million bu to a total of 13.6 million compared with 24.4 million bu last year. Here at Chicago, we had a rather sizeable increase in the wheat stocks of nearly 2 million bu. There is now 10 1/2 million bu stored here, but with the strike settled at Buffalo, there is a possibility that we may lose some of this wheat which will later be ground by eastern mills. Chicago corn stocks were almost a stand-off. There is still 10.8 million bu here. Oats increased 478,000 bu to 3.2 million bu. A decrease of 286,000 bu in the local bean stock reduced the total to 2.7 million bu.

Trade was fairly active at times although the volume was not at all impressive considering that this is the season of the year when ordinarily many hedges are being placed. Wheat reacted after the heavy short covering which took place on Saturday and even corn finally yielded some ground. The principal selling came from a commission house while a Northwest elevator concern was a rather persistent seller of May oats, and also sold some May corn. Beans were fairly strong at one time but a lower price for meal was again regarded as a bearish omen and best prices did not hold.

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CHICAGO, 4

August 15, 1950

The spring wheat crops are not yet made and we were forcefully reminded of this factor during the past few days by threats of both rust and frost damage, which might occur, although neither has been considered too seriously. The weather forecast indicates that freezing temperatures may occur in the northern sections of the Canadian Provinces but outside of the Peace River district, we doubt whether this would cause much concern. However, the possibility of some snow in Montana also shows what a freak summer we have had, and here in Chicago the highest thermometer reading thus far has been 93 degrees, while on most occasions the nights have been quite cold. Assuming now that we raise 255 million bu spring wheat, as was indicated by the August government report, it would give us a total yield of 996 million bu. This would be rather close to the billion-bushel mark, yet slightly under, and the first crop to show below that figure since 1943. This is really quite a record when we consider that before the war average production in this country was only 740 million bu. Added to this year's crop, of course, is the carryover of 417 million bu, on which basis we can tentatively figure that we started the season with 1,413 million bu wheat. The government now draws our attention to the fact that the domestic disappearance last year was 725 million bu, and if we use the same quantity during the next twelve months for home utilization and take into account the 250 million bu that we shall probably export, it would mean total disappearance of 975 million bu, so that possibly not much will be added to the carryover reserve one year hence. If we do not increase it, it would be the first year since 1947 that we have failed to make some addition to the reserve stock. Here again we call our readers" attention to the comparatively small reserves that prevailed prior to the war, and in the ten-year period, 1932-41, the average was only 235 million bu. This compared with an all-time high of 631 million bu reached in 1942.

Some of the recent weakness in markets may have been attributable to declines which have occurred in other commodities since the early advance occasioned by the Korean war. The egg market had a rather sharp slump and there was further weakness again this morning. It is not usual, however, at this time of year. The average price received by farmers for eggs during mid-July was 34.2¢ a dozen, or 4.1¢ above the mid-June price, and probably the sharpest increase for that period on record. The fact that we have a lower support price and larger available supplies have been responsible for some of the late declines, and here again it shows how the various commodities are dependent upon government activity to maintain present price levels.

Prices for meat and meat animals are expected to decline this fall, despite heavy consumer demand and the increased defense program. The American people are not eating quite as much meat as in some of the recent years, and yet based on last quarter consumption of 37.3 lbs per capita, it looks as though the total for the year would amount to about 149 lbs, although the government tentatively estimates that it may drop for the full twelve months to 144 lbs, which would be the same as last year.

All factors combined have been relatively favorable to farm income. Cash receipts from farm marketings in the first seven months of 1950 were approximately $12.9 billion. This was down 7% from 1949 but part of the decline at least was due to the fact that marketings were somewhat lighter.

Primary receipts of wheat amounted to a little over 2 million bu compared with 2.3 million bu last week and somewhat over 4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 91,000 bu.

There was some bearishness expressed in the market during the first half of the session. Flour business was rather disappointing and in spite of some price concessions business does not show much improvement. Toward the last, there was a little short covering on the possibility of frost in the Peace River Valley of Canada, which, of course, would do damage as practically all of the wheat in Canada has already headed. Beans were quite weak. Soybean oil meal sold as low as $59 per ton which was a new low on the move. The trade, of course, is prepared now for a record crop of 271 million bu which should be harvested if present prospects are realized. This would be 22% above last year's production. The crushings of soybeans from last October to end of June were the largest of record and totaled over 150 million bu. Even with this big business there are almost 46 million bu still remaining for crushing or export during the July-September quarter or else to be carried over on October 1st. Corn prices held relatively firm and there was

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CHICAGO, 4

August 16, 1950

After the close of the market yesterday the Canadian Dominion crop report was issued--the first of the season to state in figures probable yields for the 1950 grain crops. While the trade had been pretty well prepared for big yields after issuance of the Searle Grain Company figures, nobody had counted on total wheat production of 543 million bu, which if finally harvested would be an increase of 176 million bu from the final figure of 1949. Under the circumstances there was little use to worry as to whether possible frost that had been predicted yesterday for the northern part of the provinces would do much harm, particularly as the low temperatures were only supposed to hit the Peace River Valley of Alberta, comprising a comparatively small section of land. Total Alberta production is estimated at 127 million bu, so that even granting that there might be a reduction of 20 million bu in that province, it would not be a great calamity. As a matter of fact there is no assurance that temperatures went as low as had been expected, and while it is difficult to get accurate reports from that area, we were told by one of the leading mills in Minneapolis that they had not been advised of any frost damage, while another message spoke of low temperatures being accompanied by rain, thereby minimizing any possible deterioration which might otherwise have occurred. In any case if the present crop comes through according to yesterday's estimate, it would be the third largest on record, having been exceeded only in 1942 when the total yield was 556 million bu, and again in 1928 when they raised 567 million.

On basis of the Canadian report we must assume that the glowing crop prospects did not stop at the international boundary, and while weather conditions have been somewhat different in our own Northwest, nevertheless we had a rather cool August with no scorching winds. From what advices we have received from one of our good friends, the government estimate for our Northwest production as recently given may be an understatement. A number of samples have been assembled to determine the possible rust infestation, and while only trying to summarize these, it would be our belief that that danger is not nearly as severe as has been indicated in some quarters. On the other hand, there is a very large acreage through northern North Dakota and north central Montana that will probably not be ready for harvest until the last week of August, and then there is some very late planted wheat which may not be ready until the first week in September. Should there be a good break in weather, there are many fields where yields of 50 bu to the acre are likely in northwest North Dakota and northern Montana, which would offset some of the poor yields elsewhere. Thus it is our considered opinion that there is some likelihood of the crop showing a better yield than the 255 million bu now regarded as possible. There are reports for the northern two-thirds of North Dakota and all of Montana that are very glowing. We heard of some estimates running from 20 to 30 bu per acre, although with the type of weather we have had the crop is maturing slowly, and, therefore, the question of frosts cannot be entirely dismissed at this time.

Not too much attention was paid to the Canadian figures on coarse grains but an oat crop of 433 million bu for this year would compare with 318 million bu last season, and a barley crop of 184 million bu vs. 120 million bu a year earlier also shows great improvement for these cereals. The rye crop is 50% larger and flaxseed, while considerably below the ten-year average, might be twice as great as in 1949.

Primary receipts of wheat amounted to 1,677,000 bu compared with 1,714,000 bu last week and 1,134,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 305,000 bu.

Markets, during the first hour or so, were somewhat reactionary. We had a decline of 1 1/2¢ per bu in wheat but later on there was quite a little buying of futures induced by an improved milling demand. The same was reported at Kansas City and Minneapolis also. Apparently fair-sized quantities were taken out of the pit against sales to bakeries and the flour business generally seemed to have been better. This was responsible for some short covering with the result that we had rather firm markets towards the middle and end of the session. Corn for a time was independently weak and offerings from the country were a little heavier. However, with the strength in beans the yellow cereal finally firmed to some extent but there was no active buying. The soybean meal market was again weak but apparently this factor had little influence as oils were generally higher with better prices being quoted for cottonseed oil and lard. Oats were somewhat influenced by the tremendous Canadian crop and it may mean imports later on in the season.

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CHICAGO, 4

August 17, 1950

There was nothing special in the overnight news although the trade was mpressed with the sudden recovery in milling demand yesterday after a period f extended dullness. While the domestic flour consumption does not vary much rom year to year except with the increased population, nevertheless, there are lways periods when there is a spurt, and very often many of the large buyers act n unison, which for a time is bound to have its market effect. We should not be surprised to see a little more business put through at this time, and then there may be another period of quiet. Meanwhile, we are getting closer to the movement of our spring wheat, although with the rather cool temperatures that have prevailed, maturity is late, and, therefore, the question of possible frost cannot be overlooked. Temperatures in Canada were again low, the minimum during the night in all three provinces was somewhere in the 30's, with the frost line reached at several points in southern and central Saskatchewan. For example, Moose Jaw recorded a reading of 31 degrees during the night, Regina 32 degrees, and one or two other places about the same.

Not much attention is paid to this particularly when the day-time readings immediately go up even though Canadian wheat has mostly headed out. Furthermore, a prospective crop of 543 million bu is so large that even some damage would not be too much of a catastrophe since Canada will in any case raise so much more than last year. One of the reasons for the fine crop outlook in that country is due to precipitation and the lack of scorching winds, which so often are experienced during August. The following table shows the amount of average rainfall received over the Prairie Provinces since April 1st compared with a year ago, and also the normal:

	This Year	Last Year	Normal
Manitoba..................	12.15 inches	9.46 inches	9.14 inches
Saskatchewan............	8.55	7.86	8.27
Alberta....................	7.38	7.28	8.69

Before our grain market had opened this morning, stocks were rather strong probably due to the fact that there seems to be more sober judgment with respect to individual and corporate tax matters without trying to make them retroactive, and possibly even tempering them for the period prior to Korea. Congress must know that to carry on a war the economic atmosphere must be favorable, and it is almost impossible to tax earnings after they are spent without having serious repercussions. This may also have brought some buying into the grain markets, particularly as there were not many hedges removed early this morning against flour sales. There are still large wheat surpluses in exporting countries to be dealt with. For example, France had 36 1/2 million bu in its reserve stock on August 1st, Australia 83 1/2 million bu, Argentina 29 1/2 million bu, not to speak of the much larger quantities held in North America. Furthermore, crops in Europe appear healthy and though there has been some toll from earlier expectations Broomhall now figures that production in Europe will be about 9% heavier than last year.

During the past week shipments of wheat and flour from this country were less than 3 million bu. Since the 1st of July total clearances have amounted to 21.2 million bu compared with 34.5 million last year. Italy is at the present time negotiating the purchase of some wheat in Hungary and Syria. Last week Italy bought 3.6 million bu new Australian wheat. Broomhall tells us that 25 million bu will be procured in the Argentine early during 1950 and 1951. In addition to all this Italy has an import quota of 40 million bu under IWA. Altogether the European demand will not be too strong, particularly for U. S. wheat, except that large quantities may still be sold on credit to ECA countries.

Primary receipts of wheat amounted to 3,281,000 bu compared with 1,946,000 bu last week and a little over 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 336,000 bu.

The milling demand today was much more moderate, and, therefore, there was no renewed enthusiasm from that source. Soybean oil was a little higher, meal about unchanged, but cottonseed oil prices were lower and there seemed to be liquidation in the bean market which finally had its influence, at least to a limited extent on other grains. The firmness in wheat is understandable with no particular pressure on the market right now although cash markets have been indifferent. Three cargoes of corn were reported sold to Austria but there was no definite confirmation of this business. In any case, some hedges were taken out of the pit.

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CHICAGO, 4

August 18, 1950

Late yesterday we received carryover reserve stocks in Canada from Ottawa, and a figure of 113.2 million bu wheat was given, which is approximately 11 million bu more than the carryover at the same time last year. It is likewise about the same quantity larger than we had anticipated probably for the reason that domestic consumption in that country is only approximately 130 million bu, while the tentative figure had been 140 million bu. Apparently home utilization is about the same as it was the year before, despite slight increases in population. Other reserves were also ample, with 44.3 million bu oats on hand, 20.4 million bu barley, 6.6 million bu rye, and 4.5 million bu flaxseed. While there have been some reductions in oats and in rye as compared with the previous year, the big prospective production should provide more than enough for all purposes.

Our market opened a little lower but there was an undercurrent of firmness probably for the reason that artificial influences are such an important factor in the price structure at home. It is thought that Secretary Brannan will probably have something to say shortly with respect to the 1951 wheat support program. Under the farm law passed last year, he has the privilege of lowering supports on certain key commodities if he desires under flexible price provisions written into the law. However, Mr. Brannan has long been a proponent of high support prices for the principal farm crops. As a matter of fact he has on several occasions spoken in favor of even higher levels than the present 90% of parity support. According to Washington advices he told Congress that he thought he would keep 1951 support levels at the highest possible limit permitted even though he had the authority to bring about some reductions. Apparently with the Korean war and other factors he hopes to encourage heavy production next season. He has already ordered a boost in acreage as compared with earlier intentions setting wheat plantings at nearly 73 million acres, which is about the same as for 1950. All this, of course, is not conducive to a lowering of values even though it is bound to build up surpluses, and nobody can tell at this juncture what the secondary consequences may be.

We doubt whether deliveries of wheat on September contracts will be heavy, although one elevator concern in Chicago intimates that there may be close to a million bu tendered by end of the month. Despite the fact that corn is moving a little more freely, there is no assurance that corn deliveries will be big; in fact two of the important elevator interests are presumably long the near-by future, and thus it seems likely that September corn will continue to command a good premium over the new-crop future. The Chicago corn-hog ratio this week was 13.4 compared with 13.5 last week and 15.0 last year. Weather turned rather cool over the corn belt, although temperatures are apt to rise somewhat by tomorrow. This, too, brought some speculative buying into December corn, as warm weather is needed, particularly in view of the lateness of the season. The five-day forecast for the Northwest is fairly good, although more rain is in sight and for best maturity of the wheat crop, clear, warm weather would be more desirable.

Broomhall has pointed out that the wheat crops plus carryover in the United States and Canada amounted to 2,070 million bu compared with 1,920 million bu last year, or an increase of 7.3%. Russia will harvest grain crops on 14.8 million additional acres, which also is an important factor even though that country may not ship much for export. Recent statements by various Argentine officials have confirmed the fact that there was a substantial increase in acreage for that country. President Peron claims an extraordinary increase in the seeded areas.

Primary receipts of wheat amounted to 1,643,000 bu compared with 2,068,000 bu last week and 2,480,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 261,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 414,000 bu.

Trade was rather moderate. There was no particular issue in wheat except the conflicting factors that we have reported earlier, namely, artificial influences on the one hand, and bearish statistics on the other. There was some buying of corn futures possibly completing the covering movement of hedges against yesterday's sales for export. Beans were very strong on short covering.

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CHICAGO, 4 August 21, 1950.

Basically, of course, high wheat prices have been in large part due to the heavy impoundings we have had in this country during the past several years, plus the unusually large exports, when shipments for many years averaged from 400 to 500 million bu per season. However, this has been pared down with only about 300 million bu shipped during the crop year just closed. Everything tends to indicate that we may even ship a smaller quantity during the coming season barring, of course, a global war, which might change all calculations. Even if there should be a general European involvement we can hardly imagine that stockpiling would be an important factor due to the danger that many of these supplies could fall into Russian hands. On the assumption that the war, or "police action" which it is so often called, would be confined to Korea, our guess is that wheat and flour clearances for the twelve months starting July 1, 1950 may not go far beyond the 250 million-bushel mark.

The government has just furnished us with figures showing clearances during the month of July. Wheat exports were a little over 19 million bu of grain equivalent and were smaller than in July 1949 by 11.9 million bu. Other clearances accounted for nearly 9 million bu based on grain equivalent, and were less than half the amount exported in the same month last year. These grain shipments included 3.3 million bu corn and corn products compared with 9.3 million bu in July 1949 and 5.6 million bu oats, barley, sorghums, rye, and products compared with 10.6 million bu the year earlier. In view of the fact that we continue to raise large crops and have kept our acreages at about the same level as the year before, it brings home the possibility of accumulations building up, unless we can find some method of shipping large quantities to ECA countries. During July 1950, 52% of our clearances were destined to ECA nations, including Austria, Belgium, Luxembourg, Greece, Ireland, Italy, The Netherlands, Norway, Portugal, Trieste, and the United Kingdom. During the same period about 31% was shipped to India, Spain, The Philippines, Indonesia, Cuba, Mexico. Peru, Venezuela, and other countries, while only 17% went to Germany and the U. S. Pacific area.

The overnight weather was a little more satisfactory, at least from point of view that there were no freezing temperatures in Canada and the outlook seems to be for warmer weather, which is also indicated by Wednesday in our Northwest, also the corn belt. Maturity of crops has naturally been slow with the unusually cold that has been experienced during August. Some of the wheat in North Dakota may still be threatened by a frost although very often nature is provident and averages out when we have had such unusual conditions for a prolonged period. There is possibly some reason for having concern in corn, although a late fall might alleviate the danger of any serious setbacks, but it is too early to have any definite conclusions because weather at best is a gamble. Not too much attention is being paid to these factors probably for the reason that prices in the spring wheat areas will probably permit a larger quantity of wheat to come on the market and leave less to be impounded. This will mean more pressure and possibly lower prices during the next few weeks.

While there has been some upturn again in value of farm lands, it is likewise true that taxes levied on such real estate by both the state and local governments are at a new record high taking the U. S. as a whole. Expressed on a per-acre figure the last available amounts show a levy of 61¢, which is well above the average of 57¢ received for 1948, and it is above the previous high of 58¢ in 1928 and 1929 when we had great agricultural prosperity.

When the visible supply of wheat was posted it showed an increase of nearly 3 million bu, total stocks in all positions are 220.3 million bu vs 199.4 million bu last year. Chicago showed a good increase, and there is nearly 12 million bu now here. The total corn visible increased 765,000 bu to 38.9 million, and there is 33 million bu more on hand than a year ago. The oat visible increased nearly 1 1/2 million bu to a total of 15 million compared with 26.6 million bu a year ago. Chicago corn stocks decreased to 9.6 million bu, oats increased to 3.7 million bu. There was a small increase in rye, while the Chicago bean stock declined to 2 1/2 million bu.

Trade was not particularly active, but markets were heavy, and it seems that the spot basis both Northwest and Southwest was somewhat easier. The milling demand is again very slow, and there seems to be some discouragement because of seasonal dullness. Corn prices gave ground rather reluctantly, and the December future gained a little on the old-crop month. Beans were quiet, but the trend was slightly lower, and we believe that with the enormous crop in prospect it is far too early to play the constrctive side of the market.

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CHICAGO, 4 August 22, 1950

After the close of the market yesterday there were two rather important announcements from Washington, which in our opinion will finally affect markets and prices of wheat, although for the time being they are not having too much influence. The government promised to support 1951 wheat at 90% of parity, or at $1.99 a bu average farm price, whichever of the two would be higher next summer. At the same time they eliminated a fee of 7¢ a bu for farm storage, as well as terminal storage, which was the first time such action had been taken. However, this decision is rather important at a time when other agencies are combating inflationary tendencies because the Secretary had the power to reduce the loan to 80% of parity, although apparently he gives as a reason the necessity of holding up supplies of bread grains in view of the world situation to maintain a strong position. The trade had more or less counted on the higher loan owing to the fact that Mr. Brannan had previously permitted an expansion of acreage compared with ideas expressed before the Korean outbreak.

Within a few minutes of this announcement the Senate took action in adopting the Gillette Amendment, which was aimed to curb futures speculation, and apparently the commodity markets had been asked to police themselves voluntarily, although penalties are provided up to $5,000 fine or one year imprisonment, or both, unless the proper standards are fixed to prevent undue speculation. Under a definition of this amendment speculative trading in a volume beyond the needs of hedging absorption would be frowned upon. That, of course, would greatly narrow the scope of our market and, indeed, would lessen the usefulness of operations, so that at times there might be insufficient liquidity and a hedger would find himself so restricted that in order to make allowance for these conditions, he would have to exact a higher margin of profit. Unfortunately those in Washington who are not familiar with trade practices do not realize the serious dangers involved.

When our market opened this morning we were told that temperatures had moderated somewhat but are still quite low for this season of the year, and there is not the immediate chance of hot weather setting in. Crop reports from the Northwest say that rains coupled with the cool weather had a tendency to retard ripening of the crop, and a large number of stations had reported freezing temperatures during the week but the extent of damage from these frosts is not yet known. From previous experience we are inclined to believe that it will not materially affect the outcome of the crop although it might give them some off-grade wheat in the form of frosted kernels.

The Peavey Elevator Report claims that the spring wheat harvest is nearly finished on southern divisions and has started at a few points farther north. New samples continue to show uniformly good quality and yields likewise are good. Rust has reduced test weight on some of the late southern oats, and possibly some of the late durums will be affected by this infestation.

Our reports from the Southwest indicate that wheat impoundings will probably be considerably less than last year. There are various reasons for this, the main one, of course, being the advance in price since the war started, also the fact that some of the wheat was too wet to conform with government standards. Last year total impoundings at the peak amounted to 379 million bu, although obviously redemptions cut this figure considerably, although there was nothing given by the government to establish a definite accounting.

Primary receipts of wheat were somewhat over 2 million bu, which was little changed from last week and compared with less than 1 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 11,000 bu. Here at Chicago there is 3 1/2 million bu contract stocks in deliverable positions. A little too early yet to know how much may be tendered on contract.

Early prices were somewhat lower but there was no great amount of pressure. Milling demand still dull and one hardly hears anything doing in export circles, which probably means that August will again be a quiet month. There is some chance of Mexico buying overnight and this may have been partly responsible for the firming of markets later in the session. Corn prices are firm but there is no feature in that pit. Both soybean oil and meal were unchanged from yesterday's quotations. Beans were a little lower early but firmed up and it will be quite a while yet before we can expect much pressure from the new crop.

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CHICAGO, 4 August 23, 1950.

There were several factors responsible for a more friendly sentiment in our markets this morning. First of all, Canadian temperatures had been rather low, the thermometer dropping in some places to 26 and 28 degrees. These freezing temperatures were reported at several points in southern Saskatchewan and Alberta last night, and our private forecaster thinks it will be just as cold again late tonight or tomorrow. It is also felt that the freeze will extend to the Canadian border and may, therefore, hit some spots in the northern sections of North Dakota, while much colder weather is possible for the corn belt. All of these factors naturally have caused some apprehension. It is impossible to state in definite terms what damage may have occurred, although in talking with one of our friends in Winnipeg, he told us that coarse grains may have sustained anywhere from 6 to 10% damage in those sections where the severest temperatures had prevailed, although wheat generally speaking can stand more punishment, and it is not likely, therefore, that the latter is so very serious, particularly when we consider that the government wheat report issued a few weeks ago showed 543.6 million bu for Canada. The yield per acre of 20.1 bu is far greater than anything that has occurred up there since 1944. As a matter of fact, the five-year average yield for Canada is only 19.1 bu per acre, while last year Canada averaged only 13.3 bu. Nevertheless, everything in life seems to be more or less comparative, and, consequently, the possibility of some reverses probably influenced some of our traders in covering short commitments.

Secretary Brannan, in a speech yesterday at Lansing, Michigan, renewed his demands that Congress give the administration power to regulate margins on Commodity Exchanges. He made some reference to the margin required by the Federal Reserve Bank on dealings in the stock market. However, there is a very vast difference, which apparently he does not realize. One has to be brought up in the grain trade to recognize some of the secondary consequences involved if speculation is curbed on such a big scale that restrictions make it unprofitable to absorb the hedges necessary in our commercial trading. We have seen that the margin of profit on wheat trades is much smaller than, for example, those in barley, because of the fact that there is both protection through a hedging medium, and also because of the liquidity in the market, which permits traders to get in and out of their transactions at a reasonable differential from the board quotation.

It would be well for Mr. Brannan to review what happened in this country when the government suspended trading in wheat on August 25, 1917. Fluctuations in cash wheat became very violent and even without a futures market we had many days when spot wheat advanced or declined from 25 to 30¢ per bu, as there was no way for a miller, exporter, or cash grain man to protect himself. As for actual dealings between concerns there were many periods when there was a 10 to 15¢ spread between bid and asked prices. We believe we are safe in saying those fluctuations were wider apart than they had ever been in recent history. This was particularly true of overnight transactions for during that period there were numerous failures. Everyone who dealt in cash wheat found himself in a very precarious position; in fact, the business was so hazardous that even firms with tremendous capital had to/limit their transactions to carry on a rather small business because of the fact that losses were so great. After all the speculator who contracts to take a delivery is only making a down payment to protect the commission house against loss, and he receives no interest on the money he deposits, which is quite a different transaction from stocks where the margin money is earning interest and lessens the debit balance of the customer on the obligation for which he has contracted. Mr. Brannan should realize that while the Chicago market is known throughout the U. S. and the whole world as a speculative market, cash grain business and speculative trading are closely interwoven and the speculators are performing many important market functions, such as absorbing hedges by those grain men who want to eliminate their individual risks. It is a stubborn economic fact that values change from time to time; in fact, anything that affecte the consumers' wants, fancies, whims, caprices, tastes, prejudices, passions, knowledge, or desires may affect the demand. Hence, demand fluctuates. If all the speculators in the world were dead, prices would still fluctuate.

Markets were all firm; 1 million bu of wheat was sold to Mexico, also a cargo of beans were reported sold to Italy. Cash demand for old beans had improved considerably, which influenced the new-crop positions; it seems there was very little pressure in any of the pits. The return of cold weather to the corn belt

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1950.

The overnight weather was somewhat more satisfactory. The cold air which had been forecast for the corn belt had failed to arrive, and temperatures are still reasonable over most of the belt, while in Canada it has not been quite so cold and no further frosts have been reported. As most grain men point out, it is rather difficult to appraise the possible damage sustained so far. We imagine that the losses have not been great, although from what some of our friends tell us even in our Northwest the yield may now be no more than the forecast made in the last government report, indicating somewhat over 250 million bu spring wheat.

The trade apparently viewed matters about the same as we did. The opening was somewhat lower and while there is no great amount of pressure yet, we did find that Minneapolis September wheat, which at one period sold at a big premium over December, went to a discount this morning, indicating that there will probably be some hedges to absorb before long.

In reading the Congressional Record of August 21st, after Senator Gillette had introduced his amendment to further curb commodity exchanges, the ensuing discussion was to the effect that action had been taken in order to meet a situation which had developed in the last two or three weeks when prices of commodities and dealing in commodities on the exchanges had run hog wild. It is difficult for us, who have been in this business, to quite understand just how this reference could apply. The services of the futures markets cannot be obtained unless we have a degree of government control that is conservatively and intelligently used. If we are told that the public is prejudiced against futures trading because of the taint of gambling, then the public should be educated to understand that there is no speculator in futures who does not perform an economic service; that it is the investor in futures who assures the continuity of the market and who assumes the risks of price fluctuations, helps to finance the movement of the world's crops, and the carrying forward of surpluses from one season to another. Furthermore, the public must be told that the investor performs these services cheaply and economically, and that it is only through the futures markets that manufacturers and millers can obtain the raw material at a price which enables them to compete with other countries. The only possible alternative is for governments to assume the risks and provide the finances, which in turn would mean a loss to the public instead of a gain.

According to Broomhall, U.S. wheat and flour exports last week amounted to 3.7 million bu, bringing the total to 29 million bu since the beginning of the crop-year, compared with 50 million bu a year earlier. U. S. corn exports for the week were 603,000 bu, and since November 1st, 88 million bu has been shipped from this country against 94 million a year ago. Total soybean clearances were 11 3/4 million bu since last November compared with 17 million a year earlier.

Primary receipts of wheat amounted to 1,909,000 bu compared with 3,281,000 bu last week and 2,791,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 530,000 bu.

Sentiment yesterday had been quite bullish very largely because of the Canadian frosts. However, the higher temperatures today tempered bullish enthusiasm and with the demand generally flat prices for wheat and other grains eased off. Export business in flour is almost completely lacking while domestic business is also dull. There does not seem to be much incentive for new buyers to enter the market. Corn went down rather reluctantly but there are still a good many people who feel that until the crop is made it may not be safe to take a short position in the market. The Chicago corn-hog ratio for the week was 13.3 compared with 13.4 last week and 14.5 last year. In soybeans there was not too much activity. Trade paid some attention to the fact that meal prices were a shade lower, and we understand that prices in the East are below the Chicago level. There is some demand for old-crop beans, but it is not too easy to consummate business, and we presume that there will be a general tendency to await the new crop, particularly since the outlook is for a bumper yield. The sale of 3,500 tons of corn to Ireland apparently had little influence on the price level.

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CHICAGO, 4

August 25, 1950

We hear a great deal of comment from Washington about the inflationary tendency in commodities and high prices brought about by speculative activity. When we make comparisons in some of our grains with the closing prices just prior to the Korean outbreak, we find that wheat last night closed 10¢ per bu higher than it did on June 24th; corn was up a little more than 7¢ per bu, oats have advanced 3 1/8¢, while soybeans have gone up about 36 3/4¢ per bu.

The buying has not all been based on war news and the possibility of a global conflict. Parity prices have been advancing during this period since which time the wheat loan was announced, and some of the buying probably was based on that factor. Likewise, there has been great uncertainty as to what the loan would be on soybeans. We still have nothing definite, and very likely some of the recent buying has been based on fears that there might be a much higher loan than a year ago. The attacks against exchanges, however, are all diversionary measures, possibly intended to keep our minds off some of the staggering increases in other lines, which if generally realized might cause great consternation to our people.

It is all very well to encourage social security, higher and higher wages, and ECA credits to friendly nations abroad, but those and other factors have done much to our economy, as the following figures by Prentice-Hall, Inc. will show:

> In 1939 a B-17 bomber cost $330,000; today it costs $3,000,000.
> In 1939 a destroyer cost $7,000,000; today's cost is $40,000,000.
> In 1939 light tanks cost $27,000; today they cost $225,000.
> In 1944 at the height of World War II the U.S. could equip an infantry division for $14,500,000. Same job today costs $74,000,000.
> Armored division equipment then cost $30,000,000; today - $199,000,000.

There has been no futures market nor speculation in the items just referred to.

Before our market opened this morning stock market prices were considerably lower due to the Chinese Communist statement with respect to Formosa which had been received late yesterday. This had a rather strengthening effect on grain prices here with practically everything higher, at least for a time. Not much attention was paid to a statement from head of the CCC claming that realized lossesfor the year had amounted to $249 million. This was a slight improvement over the year before when the showing was $5 million worse. The government inventory, as of June 30th, was still large with about $2.6 billion involved. The most money was in the wheat inventory of $760 million involving 327 million bu. There was $505 million tied up in corn covering a holding of 332 million bu; $580 million involved in cotton transactions and $104 million in grain sorghums. We do not have sufficient space to classify all the other categories.

There was news early that the house and Senate Conferees had dropped from the Control Bill the amendment by Senator Gillette that would have required commodity exchanges to take all action reasonable and necessary to prevent excessive speculation in connection with futures trading.

Primary receipts of wheat today were close to 2 million bu compared with 1.6 million bu last week and 2.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 551,000 bu. When the wheat visible is posted on Monday, it will compare with an increase last year of 4 1/4 million bu.

Trade was not particularly active. We believe the volume was rather small again. Yesterday, for example, there were only 4 1/4 million bu of wheat traded in the pit, which is about as much as one large commission house would ordinarily handle during normal times. The total volume of all grains was 17 1/2 million bu, which also indicates that speculation is at low ebb. Of course, there are not many hedges coming into the market and we find that the total open contracts in wheat, or only 67 million bu, compared with a visible supply of 220 1/2 million bu. Minneapolis futures were again weak. Flour business is still very light. Some business is passing but buyers generally are indifferent and apparently must have booked heavily ahead during the Korean crisis. Coarse grains were somewhat higher but finally yielded some ground. There was considerable short covering in beans but after these trades had been made there was a little sell-off but the close was higher than the previous session.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 28, 1950

Secretary Brannan has shown himself to be a very persistent character, and just as he is fighting for his own plan to aid agriculture, whereby farmers will get their money through the Post Office rather than in the marketplace, he still is described as being very much concerned over the fact that commodity exchanges have not been further controlled. He has termed the bull market in soybeans as a classic example of the type of market which needs stricter supervision. As we see it there is nothing very new in this field. Actually the soybean market in futures has only grown important during the last two or three years. As a matter of fact, the soybean crop has had a phenomenal growth in our country. Twenty-one years ago we raised less than 10 million bu, while the present crop outlook is for a yield of 270 million bu.

According to studies made by the University of Illinois covering a period of ten or twelve years, (1930-41), even prior to World War II, we find that prices of beans are usually lowest in October and the highest in May, the seasonal rise averaging about 40%. According to their studies various price changes resulting from consumer demand overshadow the seasonal changes. Unfortunately there is not enough speculation at the beginning of the crop-year to adequately take care of all the hedges that are often put into the market. When we grind beans at the rate of perhaps 17 million bu per month, the price gradually advances as we cut into our reserves and thus improve the statistical situation. For anyone to think that any price enhancement is due entirely to speculative influences would, in our opinion, indicate that the facts have not been too closely studied. Mr. Brannan is expected to hit speculators at every opportunity in speeches made this fall, and in his own words he has stated: "If we get anything again like this soybean market, we're certainly going to get the information before the public." The best example of the fine job which has been done for this cereal is that there have never been burdensome surpluses built up and the carryover supply from one crop to the next has always been extremely moderate; in fact, percentagewise smaller than that of almost any other grain. In other words even with reasonably small exports we have successfully consumed larger quantities at home and very often the effects were felt toward the end of the season. At the end of October 1948, we had only 2 1/2 million bu beans left in this country, which was the smallest carryover stock in seven years. Even last season there was only about 3 million bu on hand. If we contrast this with a commodity such as wheat, in which the government has had more of an active part in trying to maintain a satisfactory price level to the farmer, we find quite a different picture. In 1942, and again in 1943, the carryover reserve of wheat was over 600 million bu, and this acted as a great price depressant. Therefore, we are at a loss to understand just what the Secretary has in mind.

If a market is free, open, and competitive, it makes the automatic adjustment of production to consumption. The only fair price is an equilibrium price, which moves the whole crop into consumption without a shortage and without a burdensome carryover.

Here in Chicago, wheat stocks showed a minor increase with nearly 12 million bu stored here. Corn decreased 559,000 bu leaving a little over 9 million bu here. Oats decreased 261,000 bu to 3 1/2 million bu. The decrease in beans was 162,000 bu, leaving 2.3 million bu here. The U. S. wheat visible increased 1 1/2 million bu. Total stocks in all positions are 222 million bu compared with 203.6 million bu last year. The corn visible decreased 886,000 bu to 38 million bu compared with only 5.7 million last year. Oats showed a small increase with total stocks 15 1/4 million bu compared with 28 million a year ago.

Some attention was paid to the fact that while the corn crop was making progress, it was late, and the plants are entirely too green to expect harvest before the end of October. The yield should be good but probably not average the high of last year when 56 bu per acre was obtained in Illinois. Soybeans likewise are a little later. Harvesting of the crop will be around normal, however, not as early as last year. There was quite a little firmness to our markets without much pressure although September wheat lost ground on December and apparently it is felt that there will be some tenders on contract, which is causing shorts to change over their commitments to later months.

There was quite a little moisture Southwest and some over the corn belt.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 29, 1950

Had it not been for the Korean war, prices for wheat and possibly other grains might have been somewhat lower at the beginning of the season. In that case, impoundings would probably have been heavier, although we have no way of coming to a definite conclusion on that subject for the reason that there have been no figures issued yet on how much wheat is under loan. Last year when the figures for July were published they showed 63 million bu tied up and our guess would be that probably smaller quantities are involved this season, but we shall not know that until statistics are furnished. In view of the higher prices, cash receipts to farmers during July and August were probably equal to, or perhaps a little higher than, similar income for the previous year. As matters now stand during the remaining months of 1950, we may have just as good a showing, in which case total cash returns to producers will range somewhere from $27 to $28 billion, which is a small percentage less than the 1949 total. On the other side of the ledger farmers' expenses due to inflationary forces have probably gone up. It is estimated in some quarters that possibly as much as half a billion dollars, which will mean that the net will be somewhat smaller, but in any case still a very optimistic outlook.

When our market opened this morning it paid little attention to weather, although the generous precipitation in the Southwest should put the soil infine shape for fall planting. There was also some rain over parts of the corn belt, being heaviest in Ohio and Indiana, not too much in Illinois. Chances are that some of the latter areas may be visited tonight or tomorrow. At about mid-session Secretary Brannan made the statement that most informed people would agree that controls should not be required at this time withthe possible exception of a few commodities like rubber, tin, and copper. Onthe other hand there were no domestically-produced agricultural commodities for which price controls are now necessary. This brought some buying intothe markets with wheat and cotton probably leading the advance. The Secretary also pointed out that farmers of this country have produced so abundantly that there should be enough produce to take care of our needs without the necessity of enforcing artificial controls.

Crop reports from the Northwest were only reasonably good, the Peavey Elevator Company calling attention tot he quality of the new samples, which has held up very well, and that yields were somewhat better than had previously been anticipated. This referred to grain threshed or combined in South Dakota and southern Minnesota. However, in the northern districts progress of the grain toward maturity had beenslow, and low temperatures and the presence of rust have delayed normal ripening. The corn crop in those sections also has had to contend with unfavorable weather throughout the week. Considerable corn was frosted in boththe Dakotas, and as a result farmers are possibly cutting it for forage and fodder.

After the close of the market tomorrow parity prices will be issued for August and in all probability there will be some further upward trend. No one is looking for very heavy deliveries on September contracts of wheat, although possibly 3/4 to a million bu may be tendered.

There are some complaints from abroad, according tothe Broomhall Summary. Wet weather in the northern sections of the U. K. has delayed harvesting and lowered quality of the wheat. In France, harvesting operations of wheat are nearing completion. While the outturn will be somewhat smaller than last year's total, supplies should be about the same due to a larger carryover. Much damp grain is reported in western Germany with wheat offerings small and rye being used for feeding. No new estimates have been made but likely yields will be less than last year whenthe crop turned out unusually well.

Further devaluation of the Argentine peso, which was intended to encourage imports and exports, had verylittle influence on our market.

There was no particular news to account for today's strength except Mr. Brannan's statement, and possibly the advice from an Eastern Agency to cover commitments and go long. The actual demand for wheat was still slow. One exporter told us that he had practically nothing on his books for future shipment, while most mills are complaining of the poor business now coming in. Corn, however, did not go up much, and it is felt that if the price should advance a few cents from the present level, country offerings might improve considerably. Soybeans, however, were strong, although we believe that the cash demand for old beans has quieted down.

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CHICAGO, 4 August 30, 1950.

There was some more moisture in the Southwest overnight, with nearly one inch reported at Salina, Kansas; elsewhere the amounts were less, although a good many points reported cloudy conditions and threatening. Moisture coming at this time of the year should place the soil in excellent condition for fall work, and chances are that the acreage will be fully up to the government allocation, and may even exceed it, as some farmers might be willing to take a chance that they can get a fairly good price next summer by selling their grain on the market instead of taking the loan. We are still terribly handicapped in that it is nearly the first of September, and we do not have the figures yet of the amount of wheat impounded during July. Naturally, this is a most important item, and we believe that the markets are bound to be more erratic until such information is furnished more promptly. A good part of last year's reserve stock was in government hands, even that figure is still unknown, but it is not too important from point of view that we could figure out reasonablyw ell how much free wheat was available. Furthermore, if the export business runs reasonably high, chances are that most of the supplies will come from government stocks.

In trying to figure further, on about 1 billion bu of wheat that was raised this season, including both spring and winter varieties, there probably will be about 725 million bu consumed at home. If in addition to that 250 to 275 million bu is placed under the loan, then we still might have a fairly closely adjusted supply and demand picture by next July. Naturally, this would not be fully felt until we eat more into our reserve, and for that reason we have been hesitant in recommending a constructive position this early, especially with the spring wheat movement still to come.

Our advices thus far probably have proved correct in taking a conservative attitude, and as we look back on prices during the past month we find that on July 28th December wheat closed at $2.31 or just about where it was last night. There have been some intermediate swings both up and down, but volume of trade has been rather poor considering what we generally experience in post-harvest periods.

We had some advices from the Northwest that would indicate that weather during the past week was quite cool, with showers toward the last, and unfortunately in some of the very late districts: namely, northeast North Dakota, and the north end of the Red River Valley in Minnesota, maturity has been somewhat held up by adverse conditions. As a matter of fact, much of their crop has practically stood still now for two weeks, and as a result late grain in those areas might require 2 to 3 weeks to mature. It would necessitate a better break in weather to accomplish even that. Yet a friend of ours up there who is very well posted, still believes that we can easily maintain the last government estimate, and may possibly exceed it. Rust has not made any appreciable gains during the week, and damage from that source evidently is going to be confined mostly to Durum wheat. The aphids, which had been feared a week ago north and west of Devils Lake are apparently dying out.

As for the Canadian crop, unofficial estimates received at Washington showed some damage from freezing weather, snow, and hail storms since mid-August. It is thought that possibly 13% of the crop might be involved. Canadian officials stress that the report has not been confirmed by government experts, and that such a figure might be extreme. In any case, damaged wheat could easily be used for animal feeding, and even the remainder of the crop, which should be of good quality, will be considerably larger than last year. Thus, there was not too much attention paid to this news.

Primary receipts of wheat were nearly 1 1/2 million bu, about the same as last week and compared with 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 207,000 bu.

At times there was a little more activity in the market but volume of trade was not particularly large. Some hedges were removed against flour business both here and in outside markets. Apparently the spring wheat business was better than for some time, and because of this influence markets maintained a firm undertone. Corn was also somewhat higher due to the Iowa State report which was less optimistic. The spread, however, between September and December corn narrowed, although no big deliveries are expected. Beans were rather indifferent, without much trend except that one of the industries bought futures.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 31, 1950.

After the close of the market yesterday the Department of Agriculture announced parity prices for August, and there was an increase of 2¢ per bu for wheat and corn, establishing wheat parity at $2.23 per bu, corn at $1.62, both being at about the highest levels that have ever been reached. The whole concept appears so inflationary that we believe it is only a question of time before the whole program will have to be reviewed because as the situation now stands, loans on basic commodities are bound to be higher and higher. Thus, there are other segments of our society that are sure to be harmed, which was certainly not the purpose in trying to give the producers their proper proportion of income and an equitable basis for bartering their produce against the articles and commodities which they require.

Dr. Slichter of Harvard University, a well known economist, pointed out that ultimately all economic groups may look to the government for assistance in maintaining their purchasing power, and he cites the possibility that "parity for all" might become a popular political slogan. When the government set out to establish parity for farmers it apparently did not worry much about the economic effects on other groups of the population. It simply decided that our farmers should have purchasing power equivalent to past periods that had been favorable to agriculture. The only other alternative would be for the government to drop its efforts to maintain parity for any specific group and that, of course, would bring about political repercussions. The Professor points out that a buyer of savings bonds might get back the same amount of money at maturity but not necessarily funds equal in purchasing power to the funds invested. Therefore, if the parity program is continued it might finally discourage investors from buying government securities. The same would refer to investors in other fields, who are at the present time struggling to maintain their purchasing power. Thus, hardest hit are the people with more or less fixed incomes who have found that the cost of living has gone up considerably, while the dollar that was saved ten years ago has only about half the purchasing power now that it did when the money was saved. For example, in June of this year the average family of three spent at the annual rate of $653 for food products. This compared with only $341 during those years just prior to the war: namely, 1935-39. Thus, even our efforts in the field of social security might finally fall short of the proposed goal.

When our market opened this morning prices were somewhat lower and the technical position had been somewhat weakened by short covering which had taken place during the past two or three sessions. Also, there were heavy tenders on September rye contracts, and in the early reports some wheat was being delivered, indicating that while red wheat is not pressing on the market to the same extent as it did last year present supplies are ample and exports thus far have been disappointing. The weather forecast suggests higher temperatures Northwest and for the corn belt which should be more favorable, particularly as some of our grains are maturing so slowly.

Primary receipts of wheat amounted to 1,786,000 bu compared with 1,909,000 bu last week, and 1,777,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 363,000 bu.

There was really no strength in any of our markets today, wheat and beans probably suffered the severest losses. The milling trade is extremely quiet again after a spurt of business yesterday in spring wheat flour. However, this business has been rather spasmodic all season, and after the trade has been filled, the volume has tapered off considerably. According to the Southwestern Miller, industries in the winter wheat areas are doing extremely poor business -- about the slowest of the season. The fact that there was also liquidation of September contracts may have had something to do with today's decline, indicating that demand for various grains is not too good. Also better weather brings to mind that we may still have a large corn crop to deal with. The carrying charge in rye widened as many of those who received tenders on the nearby delivery changed over to the more deferred futures. The Cargill crop bulletin stated that the soybean crop would probably turn out better than the August government estimate of 271 million bu.

UHLMANN GRAIN CO.

After the close of the market [illegible] ed barley prices for Any [illegible] n, outstanding wheat nearby at [illegible] he highest levels that [illegible] history that we believed it [illegible] only [illegible] will have to be answered because [illegible] commodities are not [illegible] ents of our society that [illegible] se in trying to give the growers their [illegible] basis for both [illegible] their [illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 1, 1950.

President Truman will talk to the nation tonight and will probably be a guide to some of the business activities of the country. Jobholders in the United States are at an all-time high of 62,367,000, which surpasses the previous peak in July 1948 of 61,617,000. The buying power of these well employed people creates a demand for our food products, especially as it might be somewhat difficult to spend income on manufactured articles during the period of increased armaments. We have ample food in our country and opportunities for export are less than in other recent years, but some of the surplus grain supplies are held off the current market because of strict laws limiting minimum prices at which these acquired stocks may be sold.

There was a private report today compiled by Mr. Galvin estimating production of grains at generally higher than the government August report. He believes that we will produce 3,176 million bu corn, which is 9 million more than the government August estimate. On the other hand, the Chicago & Northwestern Railroad holds entirely different views from both these authorities. They think we are likely to produce only 2,750 million bu corn in the entire country. These estimates and the lateness of the crop brings the uncertainty of this year's supplies into focus. The private soybean estimate by Mr. Galvin was 10 million larger than the last government report, and spring wheat was up 22 million bu. The government agency in the USDA is of the opinion that fats and oils prices may be temporarily depressed this fall, but should rebound to a higher level during the next twelve months than they have been in the past year. They point out some of the aforementioned high employment and good income factors but believe that when this year's larger soybean crop comes on the market about the same time as at the peak of the lard output this fall, which is also expected to be at a high level, or the highest since the winter of 1944, prices might be temporarily depressed.

One of the eastern newspapers believes that the federal farm experts have a problem facing them on the new grain bins which they have bought and that they will need to handle this year's corn crop. They have signed contracts for aluminum, steel, and wood, but they feel that the producers of these bins will not get enough material, particularly aluminum to fill their orders. Movement of corn from farm location to bins apparently is counted on to house the 1949 crop, and we have seen right along that producers have held corn which they might sell for prices approximating that which would be equal to their turning the corn over to the government. So far there have been no tenders on Chicago September futures contracts, and our elevators here have been buying corn from the country not much in excess of their current shipping sales.

Yesterday's tenders of rye appeared to finally lodge in the hands of elevator interests and went a long way toward cleaning up the open futures. We have not heard of any indications of rye or even wheat tenders being shipped out of the market. The wheat went to more scattered holders, including a local mill but we doubt if that is for more than precautionary measures at this time. Chicago elevators have accumulated a stock of close to 12 million bu wheat, of which no great amount is under loan or government-owned. In today's trading liquidation had the effect of widening the discount of September under other months to a greater difference than the storage. However, the other changes in some of the elevators might be large. Nevertheless, the difference approached an attractive basis on which wheat could be carried.

Primary receipts today were 1 3/4 million bu, down somewhat from last week, and one million less than last year. Stocks of wheat have increased 627,000 bu in Kansas City and Minneapolis so far this week, pointing to an increase in the visible. Last year all points increased 968,000 bu.

Selling developed in soybeans carrying prices lower and closing at the bottom of the day, but other grains did better, particularly corn, despite the fact that so far as we heard there were no replies received from Italy on offers for export of a large quantity.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 5, 1950

While grain markets have been rather firm of late, we do note that there are certain factors in the wheat situation that suggest some careful study; namely, the widening carrying charges not only between September and December, but also a similar tendency between December and the more deferred months. It had been our thought earlier in the season that there would probably be some correction in the situation by December, particularly if the amount of wheat impounded under the loan were large enough to create an artificial situation such as we have had during the past several seasons. It is impossible to really know what is going on in this direction for the reason that the government is months behind in compiling data, or at least in making it public. We presume that there are some technical delays owing to the fact that the country banks do not report promptly to Washington, but by the same token one would think that the amount that had been tied up during the month of July would at least be known by now so that the trade could formulate some opinions as to the future. We have a better idea, of course, on the exports, and up to the present time only about half as much has been shipped from the U.S. in the form of wheat and flour as last year, which confirms our view that Europe is not particularly hungry for supplies, although with continued ECA help undoubtedly the amounts finally will be larger than would otherwise be the case if all the grain had to be purchased here on a dollar basis without the help of credit on our part.

When our market opened this morning there was general firmness in corn and in beans. The latter were up on local buying and it is too early yet to expect much pressure, although within two or three weeks some of the early beans may be ready to move, but on the whole the crop is still some way from maturity. We understand that farmers around Springfield, Illinois, are talking of spraying beans with weed killer in order to hasten the crop, thus obtaining the premium for quick delivery. Some of the fields are starting to turn yellow, pods are well filled; therefore, with 270 to 280 million bu in prospect we think that when the movement is on everything will look quite different than at present. Five or six cargoes of corn were reported sold to Italy, and this took some hedges out of the market. Besides that there are people who feel that the crop has not made the proper progress owing to the cool weather we had during August, but as yet we have not had any definite complaints except in isolated places that yields would probably not be as large as they were a year ago. In some localities, particularly in the southern part of Illinois and Indiana, the crop is starting to dent and if we should get warm weather during September without an early frost, there is still a good chance of obtaining a fairly large yield.

Chicago wheat stocks showed another increase of 179,000 bu, bringing our total up to more than 12 million bu. There was also an increase in local corn stocks of 555,000 bu, making the total 9.6 million bu. However, it is difficult to tell how much of this comprises government holdings. Rye showed a small increase with nearly 5 million bu here, while beans decreased 367,000 bu, leaving about 2 million bu in this market. When the U. S. visible was posted there was an increase in wheat of 1.1 million bu, oats increased over a million bu, corn showed an increase of 135,000 bu, while beans decreased 651,000 bu. Total wheat stocks now are 223 million bu, or 18 1/2 million more than we had a year ago.

Trade was not particularly active, although some of the early gains were ost. Profit-taking set in, and actually there was nothing very bullish in the picture, particularly as demand, both domestically and for export, is so light. According to the Southwestern Miller flour business was extremely slow over the holiday, with nquiry continuing in rather meager fashion. Some mills were pushing more actively n view of war developments, but apparently the trade is already fairly well covered, and indifferent about adding to their contracts. We also found that after the early strength in beans the market became overbought, and local selling brought about some reactions in the market, while in corn there was no particular pressure but yet this cereal eased off in sympathy with the weakness that developed in other grains.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 6, 1950

The Department of Agriculture issues monthly reports on their inventories; lso, the quantities and prices at which they will sell domestically for the current onth. At the same time it is possible for them to fill export sales made through rivate trade at around current market prices and to supply such grain for proessing if the product is exported. However, these grains have had little effect in lling current demand. The last inventory of wheat as at the end of June gave the otal as 327 million bu, while at the same time they had 33 million still counted in e loan. Sales in the domestic market since early in January when the program was naugurated total only 1 1/2 million bu, of which 550,000 was disposed of during the onth's period which ended August 17th. They sold close to 5 million bu to private xporters, of which about 1 3/4 million was disposed of in the month's period. This oes not take into consideration wheat on direct sales to various countries and rough the Army, which will also come out of their inventory figures. According o the present law they cannot sell any basic agricultural commodity for domestic onsumption at less than 5% above the current support price, plus reasonable carryng charges. Under this interpretation the Department is offering wheat at present t not less than 21¢ over the applicable 1950 loan rate for grade, quality, and location. or the month it makes the minimum price at Chicago $2.52 for #1 red winter heat and $2.47 in Kansas City for #1 hard, both of which are considerably higher han current cash prices.

In corn they had an inventory of 332 million bu at the end of June, plus over 00 million bu in the loans, of which some was in process of being transferred to nventory. While they can dispose of their holdings for export at market prices, otal sales reported up to August 17th were only 3 1/4 million bu since the inauguraion of the program in January, and domestically only 500,000 bu has been disposed f. The domestic price presently is being held at 21¢ above the 1949 county loan ate. As an example of terminal prices, #3 yellow corn would be available in store n Chicago at $1.75. In reporting sales undoubtedly the government agency does not nclude daily arrivals at terminal markets of low-grade corn, which they continue to ell. Sales of other grains are also small; 2 1/2 million bu barley was sold for xport and 2 3/4 million bu domestically since January. Sorghum sales were only 1,000 cwt. in the domestic market and about 2 million cwt for export over and above uch quantities which CCC sold directly to such countries as India.

Somewhat warmer weather has been experienced in the Northwest and no xtremely low temperatures are indicated for the immediate future. The Peavey levator Crop Report states that grain harvesting and threshing should be near comletion in southern Minnesota and South Dakota by end of the week, with samples runing mostly good. Harvesting has just begun in northern North Dakota and Minnesota nd should be general in a week to ten days if dry weather continues. Two to four eeks of frost-free weather is needed to mature 50% of the commercial corn crop n the Northwest States.

Broomhall, reporting for Europe, mentions that there have been some further ownward revisions in European wheat crops during the past week or ten days, but he over-all outturn on the Continent still contrasts favorably with last year. Frequent rains in the U.K. have delayed harvest and caused some anxiety among farmers. t is anticipated that much low-grade grain will result and some reduction in yields s probable. Harvest is under way in Western Germany with the prospect somewhat bove last year.

Primary receipts of wheat today totaled 761,000 bu compared with 1,425,000 u a week ago and 3,298,000 the comparable day of last year. So far this week ansas City and Minneapolis wheat stocks show a net increase of 261,000 bu.

There was no particular feature to markets this morning and very little vidence of flour business; in fact, flour demand has slowed down although some nterest is being expressed in export flour circles. Apparently Norway has some nquiries in the market. Also, understand that Italy is in the market for 20,000 tons 2 yellow corn, offerings to be made Friday.

Beans showed some strength at the opening, probably deriving some influence rom the statement of Prof. Jordan of the University of Illinois, who said that accordng to a formula he has devised Illinois should receive $2.50 to $2.60 per bu for eans for the new crop. However, if this was any factor, it wore off as the session dvanced.

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[illegible]

The Department of Agriculture issued [illegible]

[illegible] the same day that it is possible for [illegible] to be as small [illegible] and to justify [illegible] the present [illegible] crop [illegible] these figures [illegible] current [illegible] of wheat [illegible] million [illegible] at the same time they [illegible] markets since [illegible]

[illegible] in the army, which will also come out of their [illegible]

[illegible] the current season [illegible] Under this interpretation the Department is [illegible] under the [illegible] at Chicago [illegible] in Kansas City [illegible] both of which [illegible]

[illegible] which [illegible] while they [illegible] their holdings [illegible] reported up to August [illegible] were only [illegible] an estimate of [illegible] prices [illegible] would [illegible] only [illegible] of other grains [illegible] million [illegible] in the [illegible] about [illegible]

[illegible] low temperatures [illegible] winter [illegible] in southern Minnesota [illegible] Harvesting [illegible]

[illegible] in the U.S. [illegible] harvest [illegible]

[illegible]

[illegible]

DAILY MARKET LETTER

MEMBERS:
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CHICAGO, 4 September 7, 1950.

The news from Korea was somewhat more optimistic, likewise weather had improved, with higher temperatures over the corn and bean belt, also warmer weather probably in sight for the next few days. All this naturally had an influence on our market this morning, although it may have been tempered somewhat by an announcement from Washington making the soybean loan $2.06 per bu. while in some quarters a much lower figure had been expected. We find that the present support price is about 6¢ a bu lower than last year, and the price represents 80% of the August 15th parity as computed by BAE. However, it was not known immediately whether the 7¢ storage charges would be absorbed by the government, or whether this would be passed back to producers. It naturally makea difference because last year when the loan was $2.11, the price at Chicago was figured about $2.31 to $2.35; including an average freight of 11¢, a storage charge of 7¢, and a premium for lower moisture, which amounted to about 6¢ a bu. On basis of the facts now on hand, with producers paying the storage, the loan figures only about $2.23 basis Chicago, and therefore, despite some disappointment, there was selling this morning, although liquidation is not particularly heavy.

A good many people have undoubtedly bought wheat futures on the assumption that there would probably be large quantities impounded. Finally this would spell a higher price, the same as has been true in other seasons. We must take into account, however, that because of the Korean war, prices at the beginning of the crop-year were strong enough to bring more wheat on the market and, therefore, less was tied up under the loan. We still have no figures as to the amount impounded during the month of July. Our own guess is that the quantities must have been smaller than last year, but what has occurred since that time is also difficult to judge except the carrying charge spreads would indicate that there is more wheat available for consumptive needs, and we even have a premium for the March and May deliveries over December, which is quite a different story from anything that has occurred during the last six or eight years.

All this throws some doubt into the minds of those who would ordinarily take the constructive side of the market at this time, particularly since weather in the Southwest has been almost perfect, and it looks as though a very large acreage would be sown this fall. In the meantime our export business is very disappointing, and there is nothing to stimulate new buying in the domestic flour trade except that we know in the final analysis our home consumption is about static.

Advices from the Northwest are quite optimistic. One of our friends has told us that the past week was one of the best of the season. There was very little rain, temperatures were on the high side, and almost all of the territory that they had covered reached highs of 80 degrees almost daily, while the western stations had a really hot week-end with temperatures over 100 degrees in Montana. Certainly nothing better could be asked for after the cool spell during the most of August. This party is quite confident that the spring wheat crop will come close to the 275 million bu mark, which is certainly a wonderful showing in view of the unfavorable start and some of the adverse weather that we had during the growing period. Up to the present time there has not been much pressure, although practically all the spring wheat in North Dakota is testing around 60 lbs, and we believe that before long some of this will be moving to market.

Primary receipts of wheat were slightly over 2 million bu compared with 1 3/4 million last week and 1 1/2 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 438,000 bu.

Starting on Monday trading in futures will be initiated in order to give commercial and hedging facilities to people on the Pacific Coast for the improved handling of their wheat supplies. Delivery points will be named at suitable western locations, including Portland, Seattle, Vancouver, and other points, in order to properly build up a market of that character helped by the speculative trade, which it is thought can be better maintained in Chicago than at other points.

Grains here were under some liquidating pressure probably for the reason that there was no stimulating demand, and while we do not find that many hedges are being placed here at the present time, very likely we shall have to absorb some of the spring wheat movement, which is gradually enlarging. Corn seemed to be relatively firm and there is not much corn being moved from the country. Moreover, there are some who feel that until the danger of frost has been eliminated, it is better to play the long side of the market

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CHICAGO, 4 September 8, 1950.

According to the Bureau of Agricultural Economics prices of hogs during August went close to the highest point reported this year, although prices of cattle eased from earlier peaks. Prices of lambs did not change much but all in all feeding operations are still very profitable. It is, therefore, very fortunate that the supply of all feed concentrates, including feed grains, by-product feeds, and an allowance for wheat and rye feeding is estimated at 181 million tons. This would be nearly as much as the record supply of 1949-50, both in total and per-animal unit. This is also possible, despite somewhat lower corn production, which, of course, is offset to some extent by a larger carryover reserve. In addition to this the hay supply for 1950-51 is estimated at about 120 million tons, which is a little larger than during the past three years, and is as large as in any previous year in relation to the expected number of livestock to be fed. Total supply of the four feed grains is estimated at 156 million tons, which is about the same as the record supply of last year. As an offset to a smaller corn supply other feed grains have shown an increase. The carryover reserve of corn October 1st is expected to be 950 million bu, of which about two-thirds probably will be held under price support programs. Livestock numbers have been increasing in the past two years and a further slight increase is in prospect for the coming crop-season.

Probably never before since the loan program was started have we had such big quantities impounded. Over half the total stocks of old-crop feed grains on hand the 1st of July either went under loan or CCC ownership. Redemptions have been relatively small. However, this situation is apt to change if present corn prices are upheld and more comes on the market instead of going into the loan. We find that as an example of how this works, wheat farmers in the Southwest were so well satisfied with the prices that prevailed in the marketplace during July and August that more liberal quantities were sold and less, therefore, put into the loan. We do not have actual confirmation of this, but believe that when the government figures are released they will verify the correctness of our statement. There are still some farmers who would probably like to impound their wheat due to the fact that prices recently have receded, but on the other hand the early wheat that was sold has already been disposed of in such a big way that the total amount placed under the loan for the season may fall far short of the quantities that were locked up the season earlier.

Not too much attention is paid to this factor as there is not a great deal of pressure on our market. However, as the spring wheat moves in volume we shall undoubtedly have to absorb more hedges. The situation is not nearly as serious east of the Mississippi as it is in the far West where about 6.1 million bu wheat has been thrown on the ground due to lack of adequate storage facilities. Great concern is expressed over this situation and not much immediate relief is in sight. A message from Spokane, Washington, this morning stated that there was no place to store wheat and no place to ship it, probably due to the fact that harvest in the three important states had amounted to 107 million bu, which was a 12% increase over last year, and which was added to the 32 million bu carried over from 1949. There is at the present time 139 million bu wheat with which to deal and the Pacific Northwest Grain Dealers Association had issued a rather pessimistic report on the outlook. The most wheat that the Pacific Northwest will be able to use for feed, seed, and human consumption during the next twelve months is 35 million bu; consequently, a tremendous surplus is in sight. Even counting on 10 million bu which CCC has promised to move before end of the year, it looks as though 70 million bu will have to move from that area between January 1st and the next harvest in order to obtain as good a position as at the beginning of this crop-year. Under these conditions it may be very fortunate that Chicago is starting a market for trading in Pacific Coast wheat. The loan level there is 10¢ below ours. Margins for trading will be the same as for Chicago wheat.

Primary receipts of wheat were 1 3/4 million bu, about the same as last week and compared with 2.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 503,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 1,457,000 bu.

We find that there is no important improvement yet in the milling demand although one chain broker, according to The Southwestern Miller, had com-

pleted buying its monthly requirements. There were 50,000 bu corn tendered on September contracts late yesterday, the first so far this month. Beans were in-

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CHICAGO, 4 Sept. 11, 1950.

Secretary Brannan predicted that the problem of farm surpluses would continue largely unabated this winter, despite the Korean war. He said, however, that the government was considering a prospect of making a quick switch but for the present was keeping in mind the necessity for the maintenance of the economic and physical strength of our agriculture at the highest possible level. On basis of another large acreage to be planted to winter wheat, and assuming that farmers will take advantage of acreage allocations, average or near-average yields would give us reserves substantially larger by July 1952. We hear in many cases that producers may plant even more than the law allows, figuring that with war conditions and inflation the market will take care of their requirements without having to lean too much on government support.

U.S. wheat supplies for 1950-51 are now estimated at 1,413 million bu. The July 1st carryover of old wheat was 417 million bu and the crop report of August estimated 996 million bu. This, of course, will be changed by whatever increase or decrease is made in the figures that are published after the close today. But in the meantime for calculation we have to assume that domestic disappearance will be 725 million bu, and according to the BAE Wheat Situation just published, if our exports and other shipments for military procurement should amount to 265 million bu, the carryover next July would be increased to 425 million bu, which is slightly higher than stocks we had on hand at the beginning of the season. The national acreage allotment of 72.8 million acres was announced on July 14th. Under average conditions a wheat crop of 1,150 million bu is possible, and thus we agree heartily with Secretary Brannan's statement that there is no shortage in sight, although if the Canadian crop has been reduced as materially as was indicated last Saturday, it might mean heavier shipments from the U.S. There is a fair amount of early wheat being harvested in Canada, which grades #4 or lower, and it still remains to be seen how much of this will not be fit for milling, and will, therefore, have to be fed.

Meanwhile the Weather Bureau at Topeka, Kansas, reported that with the exception of 1927, the August 1950 moisture for Kansas, taking the state as a whole, was the wettest on record. Since Kansas is the largest wheat producing state in the Union, it is naturally important that the crop will probably get off to a good start. Even assuming that U.S. yields on our allotted acreage were equal only to the national average of 13.7 bu for the past two years, we would still have total production of one billion bu next season, the same as was raised during the past crop-year. We should also point out that in these calculations no allowance has been made for overplanting. It might be well to review at this time our background for the years 1932-41; the average yields in this country were only 738 million bu, and thus it is quite obvious that we have made tremendous strides with better fertilizer and improved seed, but by the same token, we were using much smaller quantities during that period, and our total disappearance averaged only 721 million bu, consisting of 475 million bu for food, 122 million bu for feed, 81 million bu for seed, while exports to foreign countries and shipments to U.S. territories were only 43 million bu. The big change, of course, is that we are shipping much more to foreign lands, plus the fact that with increased population our domestic utilization has also risen to some extent.

When the visible supply of wheat was posted there was an increase of 656,000 bu, making the total 223.8 million bu compared with 206.1 million last year. Corn increased 577,000 bu, to a total of 38.7 million bu vs only 5.2 million a year ago. The oat visible increased 1 1/4 million bu to a total of 17.5 million bu against 27.3 million bu last year. Chicago wheat stocks increased 136,000 bu, so that we now have a total of 12 1/4 million bu here. Local corn stocks increased 578,000 bu to 10 1/4 million bu; oats decreased 311,000 bu, rye increased 68,000 bu, while the local bean stock decreased nearly 1/2 million bu in this market.

Trade was not particularly heavy, but wheat prices were inclined to drag The milling demand is still very slow, and no immediate prospect for improvement. The Searle Grain Co. of Winnipeg, stated it would be impossible to make an accurate estimate of the damage caused by frost until after the crop was threshed, graded, and weighed. Corn prices were rather firm, particularly the new-crop futures, although the Baldwin Elevator Report in its weekly resume was quite optimistic. They stated it was encouraging to see how the corn crop was moving along to maturity. They do not, however, expect that the yields for this state will come up to last year's record. Beans were firm, there was some com-

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CHICAGO, 4 Sept. 12, 1950.

The New England Letter amply states: "Historical evidence clearly shows that, except for defeat in war, the greatest calamity that can befall a nation is runaway inflation with its devastation of values, shattering of confidence, and violent economic and social disruptions.... The President in a message to Congress said that, if a sharp increase in prices should make it necessary, he would not hesitate to recommend price control and rationing. But no mention was made of placing a ceiling on wages, which together with salaries constitute 90 per cent of all costs. It would be futile to attempt to hold the line on prices if their outstanding component is rising."

We have been asked on several occasions what determines the decision with respect to acreage allotments. As defined in the Act, the National Wheat Acreage allotment is that acreage which at average yields adjusted for trend, will produce an amount of wheat, plus carryover, equal to a normalyear's domestic consumption and exports, plus 30 per cent. The formula itself, in accordance with legislative provisions is rather complicated, but there are provisions which call for a computation of 226 million bu for feed and 29 million bu for industrial use, together with other items that make a total domestic disappearance of 839 million bu. Normal exports during the same period adjusted for trend were placed at 333 million bu. Because of the fact that wheat feeding, exports, and other requirements were abnormally high during this ten-year period of consumption, the 1951 wheat acreage allotments are certainly on the side of abundance. Thus in following strictly this formula, a normal year's domestic consumption and exports, determined to be 1,172 million bu, plus 30% is equal to 1,524 million bu. We doubt whether such a program would ever work in normal times, but at least we make this rather lengthy explanation to show how the plan is scheduled to function. The acreage allotment was determined after the July crop report was issued. At that time a carryover of only 374 million bu had been estimated. In order to make available a supply for the 1951-52 marketing year equal to 1,524 million bu, it would require a 1951 wheat crop of 1,150 million bu. On basis of 15.8 bu per seeded acre, which is the ten-year average, 1941-50, a crop of such size would require 72.8 million acres, which is the announced national acreage allotment for next summer's spring and winter wheat crop.

The government report issued late yesterday was more optimistic on corn than most people in the trade had anticipated, although attention was called to the possibility of an early frost. Due to lateness of the season, we shall have to have a delayed autumn in order to meet the figure which was given tothe trade yesterdayof 3,163 million bu. This compares with3,378 million bu last year, and the 1938-48 average of 2,901 million bu. Indicated yield per acre of 38.1 bu is .8 bu below last year but 5.2 bu above the average of 32.9 bu. The spring wheat crop was increased 15 million bu, and there was also an improvement in oats, barley, sorghums, and soybeans, although the latter were somewhat less than had been privately estimated. Feed crop prospects are reported better than usual for the country as a whole, although slightly below average in the western region. Added to 3,163 million bu corn, 1,482 million bu oats, 298 million bu barley, and 185 million bu sorghum grain, we must consider the heavy carryover of feed grains, including record corn stocks, so that our total supplies will be near-record, both in total and per animal unit. The reported pasture condition of 85% is much better than last year and better than average; in fact, is among the four highest for September 1st in the thirty-five years of record. Rains in late August and early September are expected to improve pastures that previously were only fair.

Primary receipts of wheat amounted to nearly2 million bu. This compared with 3.6 million bu last week and also 3.6 a year ago. Kansas City and Minneapolis stocks so far this week show a net increase of 250,000 bu. The contract stocks of wheat in Chicago are 4 1/2 million bu, a slight increase from the week before. This, plus slow milling demand, is preventing carrying charge spreads from narrowing much.

According to The Southwestern Miller, current bookings averaged less than 50% of capacity while many mills areeven reporting a near-blank in sales. Corn prices were rather firm on reports that 5 cargoes had been sold to France, and we understand that this business was done by the private trade so that the stocks will not come out of CCC holdings.

Mexico is inquiring for offers on a million bu of wheat tonight, which may have some influence on the market. There is a little business in beans for export.

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CHICAGO, 4

September 13, 1950

The business with Mexico which was in the working stage yesterday had appar-ntly gone through. Most of it was handled by one house, and some additional hedges ndoubtedly taken out of the market, but this was more than offset early by the enerally slow demand and the fact that many mills East of us have their elevators lled with grain; consequently demand is very slow. We are told that many of the dustries which had feared car shortages bought more heavily than they otherwise ould have; suddenly cars became available and the wheat rolled in so that for the me being there seems to be a superfluity of grain, particularly with the slack mill-ng demand and delay in shipping instructions from consumers. Minneapolis futures ave been losing ground on Chicago, apparently feeling the weight of hedges. Crop n the Northwest turned out much better than most people had expected considering e fact that there were delays in seeding. Later on, temperatures were generally sub ormal, and it was feared that an early frost might overtake the crop, but despite ome cool weather the government now estimates 271 million bu, which is very atisfactory based on acreage.

This is the seventh consecutive year that we have raised over a billion bu heat in this country, taking into account winter and spring wheat harvests, and nly once before in history could we make a similar boast: namely, in 1915, when the rop was about the same size as the one just harvested. Production of breadgrain, hich includes wheat and rye, for the Northern Hemisphere will be slightly above he 1949 crop, and also, above prewar average. Present prospects point to larger rops in all major producing regions except North Africa, which ordinarily produces nly about 2% of the Hemisphere total. We find that the largest increase this year s expected in Asia, where the wheat harvest, including China, is reported well bove the 1949 outturn. Prospects are better than a year ago in most countries, and specially Turkey. Latest returns indicate almost twice as much as the small 1949 rop. Unfortunately it is impossible to get detailed information from China, but for omparative purposes our government assumes that this year's crop will not differ ignificantly from last year's. Rye, which is so important abroad, is expected to be lightly smaller than last year in both Continental Europe and Soviet Russia. These wo areas together account for about 95% of the estimated world total rye.

In most parts of the country wheat prices are now slightly below the loan evel. At end of August price of No. 2 hard wheat at Kansas City was $2.20 per bu, bout 5¢ below the loan rate. At that time, with the heavy marketing movement still head for the Northwest, the price of No. 1 dark Northern spring wheat in Minneapolis as 1¢ below the loan rate of $2.27. BAE believes that there will be continued price luctuations in response to changing international conditions. By that the general rend in prices is expected to be gradually upward following harvest and the heavy arketing movement. They point out that this has been the case in other seasons n which the loan program has been in effect. However, until we know what impound-ngs are, it is difficult to hold strong convictions. Farmers have until end of anuary to make up their minds, and it is still likely that if we have periods of weak-ess large amounts will go into the government loan.

Our reports from downstate claim that corn is maturing despite the cool eather. Beans will be ready for the combine the last of September. Chances are ith all the moisture that has occurred, we are going to have a lot of wet corn, and y-and-large, the hybrid varieties seem to contain a higher moisture content than he former open-pollinated type.

Primary receipts of wheat were less than a million bu. This compared with 61,000 bu last week and slightly over a million bu last year. Kansas City and inneapolis stocks so far this week show a total increase of 411,000.bu.

Trade was moderate but markets were heavy and it seems that some of the eakness may have come from outside sources. Egg futures were down the limit; ikewise cotton and cottonseed oil prices were down, which naturally affected senti-ent on our Board. We don't see much to boost rye prices except the comparative heapness of this cereal. Last season we consumed 20.6 million bu and exported 5.8 illion bu. However, our imports from Canada were heavy as we took 8.9 million u from that country which gave us a total supply of nearly 36 million bu. Should we mport heavily again this will naturally be felt on our market except that domestic sage may increase as last season the amount ground for alcohol and spirits was lmost 2 million bu below each of the two earlier years. Total supplies last July ere 32 million bus. Beans were weak, naturally influenced by lower prices for il and recently meal prices have been soft.

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CHICAGO, 4

September 14, 1950

One of our friends who has always been extremely thrifty related yesterday at he had been placing his savings into government Series "E" bonds, which would ortly come due. While he was going to receive not only the amount of his invest- ent, but also a substantial enhancement due to interest, unfortunately ten years of flation having elapsed the buying power of his principal would have only about half e value that it did at the time of purchase. This, of course, is nothing new to those 10 have studied and followed monetary conditions. An able student of such affairs as just written the following comment in his last market letter from New York: We are told that this is the age of the common man, and if so, he has chosen a stran eriod in the history of the world for his ascendency. Apparently if the common an has put aside any funds from his earnings which he does not immediately spend, must utilize the common stock as a vehicle to conserve his purchasing power. here is a grim cliche which one hears in sophisticated European financial circles hich runs somewhat like this: 'Politicians start our wars; the common man fights em and the widows and orphans pay for them.' The 'widows and orphans' may there- re be well advised in the long run to avoid too great a reliance on such Victorian vestment media as bonds, mortgages and bank deposits."

When our market opened this morning there was very little to guide it, althoug me attention was paid to the statement which emanated from the Department of griculture, promising support for oats, barley, and rye at the present relationship ith corn, which had existed under the 1950 support program. The corn price will ot be announced for some time yet but under the loan it must range between 80 and)% of parity. Should that loan be higher we take it to mean that there will be a orresponding increase for some of the other cereals. This has been more or less e practice for some time, and, therefore, does not present any radical change ex- ept that it assures farmers that if inflation continues they will get higher and gher prices for their various products. While most attention is being paid now progress of our corn and bean crops in this country, the market actually has been eactionary because of the very poor demand from abroad, and our wheat and flour ports since the 1st of July have been only about half as large as the year before. roomhall states that sixteen European countries are expected to harvest 991 mil- on bu wheat this year compared with 973 million last season. Earlier those same ountries were thought capable of harvesting 1,022 million bu; so there had been re- uctions, but on the whole this year's results seem to be satisfactory, and the acute ortages abroad no longer exist. It is also reported that nice rains have occurred various parts of the Argentine and that meanwhile the principal grain belt has not ıffered too much from drought.

We are not in sympathy with any sentiment that sharply lower prices will be itnessed. After all, the farmer has until end of January to impound his wheat, and ven though quantities placed under loan so far are probably smaller than last year, e full story has not yet been written. Red wheat was a tremendous factor last ear in depressing prices in Chicago, with the result that our futures were often omparatively low with both Kansas City and Minneapolis. This season we have pro- uced probably 65 million bu less red wheat than a year ago. On the other hand, ortugal and Spain do not seem to be keen for this particular variety of wheat, hile Britain, which generally grinds a large quantity of soft wheat, is apparently etting her supplies in fairly good volume from Australia. Our wheat and flour ex- orts for the week were 5.1 million bu, bringing the season's total to 39 1/2 million 1 as compared with 66 3/4 million bu last season and 110 million bu two years ago.

Primary receipts of wheat amounted to 1,116,000 bu compared with 2,014,000 1 last week, and 2,790,000 bu last year. Kansas City and Minneapolis stocks so r this week show a net increase of 263,000 bu.

There was a slightly better undertone to our wheat market following early eakness. It is only natural that we have reactions after a decline such as has ken place. Moreover, there is not too much pressure from the Northwest. It is ought that possiblysome foreign demand will gradually a rrive for soft wheat, articularly from Portugal andother ECA countries. Milling demand was slightly etter, and on one or two occasions hedges were taken out of the pit.

Corn was influenced some by higher wheat prices, but new-crop futures losed lower; as yet the country has offered practically no new corn. Beans were ndifferent, oil prices were lower, and there are still a great number of people who elieve that witha short cotton crop prices for beans will finally rule high.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 15, 1950

There is not much chance that wheat statistics will change much with respect
our supplies now that the spring wheat crop is nearly harvested. Our combined
eld of winter and spring wheat, plus carryover, should furnish a total stock of
428 million bu. This is about 24 million bu less than we had on hand a year earlier,
t our exports will probably be somewhat lower. Therefore, it appears as though
e reserve supply at the end of the season would be about 438 million bu, which has
en exceeded only twice in history: namely, during the war years, 1942 and 1943.
ie government figures tentatively that we shall consume about 725 million bu wheat
home and may ship 265 million bu abroad, including amounts needed for military
ocurement; thus total disappearance would be somewhat less than a billion bu. On
at basis we arrived at our figure of carryover reserve, which would be some 21
illion bu greater than the amount we had on hand July 1, 1950. All this, of course,
ould be rather bearish on paper, but we still feel that the artificial factors cannot
overlooked, and our next analysis takes into account the possibility of impounding
0 million bu wheat during the current crop-year, which together with our domestic
ilization would take care of about 925 million bu wheat, which would be removed
om commercial channels by end of the season. Since we raised 1,011 million bu,
would leave only 86 million bu free wheat from this year's production at end of the
op-year, based on these calculations, and, of course, even a smaller quantity pro-
ded impoundings were heavier.

All this is on the assumption that our exports will come mostly from govern-
ent holdings. There is no assurance that this will be the case, and we find that
me of the recent business to Mexico, Netherlands, and other countries was handled
ivately, so that there might be only a small amount of free wheat, in the last
alysis, depending, of course, on many unknown factors which we have just recited.
irthermore, volume of U. S. wheat exports depends on a number of conditions
ther difficult to predict in advance. The U. S. export quota under the International
heat Agreement is currently reported at around 228 million bu. Last season ex-
rts of non-Agreement wheat totaled over 100 million bu, but a part of this quantity
ent to Germany, which is now party to the agreement. Much seems likely to depend
on the extent to which rice continues to be available in the Far East and the extent
which deficit areas for which the U.S. either has or may assume supply responsi-
lity. Nobody knows yet how much grain or food may have to be supplied to Korea
ter victory is established there. Moreover, substitute grains may be arranged for
rious ECA countries or trade agreements may be arranged with other nations,
pecially non-dollar sources. Up to now there has been no indication of any large
reign purchases of U.S. wheat for stockpiling purposes. Thus it can be seen that
e future is beclouded by many unknown factors, which will be unravelled only
rially.

The Canadian report issued late yesterday indicated a wheat crop of 490
illion bu. This was a reduction of only 53 million bu from the very optimistic report
last month. There is no mention made of the amount of wheat which might finally
unfit for milling purposes, but at least in the preliminary stage there is certainly
confirmation of what had been expected, based on a report from one of our agri-
ltural officials given last Saturday, to the effect that the crop would be reduced
0 million bu, and that there might be another 100 million bu unfit for milling. It
s not surprising, therefore, that yesterday's report was construed as quite bearish.
he oat crop, estimated at 414 million bu, showed a reduction of only 19 million bu
om August, and a barley forecast of 179 million bu was down only 5 million from
e month earlier, while rye showed a decline of only a million bu or so. Thus the
osts which occurred about August 23rd were serious but did not do nearly the
mage which some had considered likely.

Exporters in New York told us that the inquiry from Portugal was for No.2
rd winter wheat. This will not give any relief to holders of soft varieties who had
ped to make shipments to that country on a similar basis to last year.

The primary movement of 1 3/4 million bu of wheat was the same as last
eek compared with 2.1 million bu last year. Kansas City and Minneapolis stocks
far this week show a net increase of 361,000 bu. When the visible supply is posted
Monday, it will compare with an increase last year of 3.3 million bu.

The milling demand shows some improvement but despite hedges taken out
the pit again today there seemed to be liquidation of long lines and a carrying
arge of 8¢ from September to May acts as a deterrent to bullish operations although

th the box-car shortage Northwest there is not apt to be much immediate pressure.
orn was weaker although the September future gained again on new crop positions.
eans sold off and the country is selling new beans a little more freely.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 18, 1950

In the absence of figures disclosing the amount of wheat that may have een impounded so far this season, more attention is being directed to statistics, articularly since there seems to be enough free wheat circulating to cause apprehension on part of longs even assuming that there might be tightness in the market ter on. The fact that one of the large mills delivered some wheat today also tended prove that industries must be pretty well supplied for the time being. While our rop of wheat was a little smaller than last year, still we raised over a billion bu, d even Canada will harvest considerably more than the ten-year average, despite e August frosts, which took quite a toll from the crop. According to Dominion gures, the first estimate for 1950 indicated a yield of 20.1 bu to the acre, while w it is reduced to 18.1 bu based on market factors known at this time. A crop of 90 million bu is naturally a big reduction from the earlier figure of 543 million bu heat, and compares with 367 million bu raised last year and the ten-year average 410 million bu. Actually this year's Canadian crop will be the largest since 1942 hen that country had its banner yield of 556 million bu. Thus with a reasonable arryover of about 113 million bu, Canada will still have large supplies, particularly their domestic consumption may not be much over 140 to 150 million bu during e present crop season, and might even be lower except for the amounts of low-grade heat that could well be fed to animals.

Secretary Brannan, who spoke over the radio last night, confirmed our oughts that there would be no reduction in the carryover supplies on July 1, 1951. this is true we might well raise a much larger wheat crop next season than we d during the summer of 1950, with the fine moisture that has been received in the outhwest and, also figuring on 72.8 million acres that may be devoted to this ereal.

When our market opened this morning, there was little to guide it except at weather over the belt seems more satisfactory now, and higher temperatures are prospect for the country generally. Thermometer readings may go in the high 0's today, possibly up to 80 tomorrow locally, and this undoubtedly had some inuence on corn, as warm dry weather is now needed for the best development and aturity of the crop. Our soybean market also was sharply lower. There has been ery little encouragement recently with oil and meal prices declining. The country eems to be offering new soybeans on a somewhat heavier scale, but we have not eard of any big business developing thus far. Still with a crop of 275 million bu in rospect, there could easily be a big movement, provided, of course, freight cars are vailable in the country. Soybean oil meal was quoted quite a little lower than on riday, and the feeding situation generally is an optimistic one with the fine condition pastures. The government recently in its resume pointed out that another large rop of feed grains will provide amply for the nation's livestock this season. The tal of nearly 125 million tons in sight is slightly less than last year, and is also ell below the record outturn of 138 million tons two years ago, but is more than ny other year.

When the visible supply of wheat was posted there was an increase of early 2 million bu. Total stocks are now 225.8 million bu compared with 202.7 illion bu last year. The corn visible was practically a stand-off with 38 3/4 milon bu in all positions compared with less than 5 1/2 million last year. The oat sible increased 773,000 bu. Total stocks are 18 1/4 million, a reduction of 8 1/4 illion from the season earlier. Here in Chicago wheat stocks showed a small crease to 12.3 million bu here. Corn increased 224,000 bu giving us a supply of 0 1/2 million bu. Oats decreased 141,000 bu to 2.8 million bu. Rye increased a nall amount with 5 million bu in this market. Beans showed a rather heavy decrease, 521,000 bu going out and there is only about a million bu left in Chicago.

Markets on the whole remained weak even though one of the eastern gencies advised its customers to cover short positions and remain neutral. There as a rather sharp rally in beans but the undertone was not particularly strong, in ct, all grains had been subjected to liquidation, and, for the moment, there is othing very inspiring to induce buying. A peace rumor lacked confirmation but at ne time caused a decline in grains. On the whole, milling demand is still far from ood despite the recent improvement in business. After all our domestic consumpon is rather constant. The Baldwin Elevator Co. said that early corn fields are ow clear of frost and if cold weather does not come before early October the bulk the crop should be out of danger. Farmers have more empty cribs than last year nd there may not be any great incentive to sell corn freely this fall. More soybean elds are turning yellow and we believe by the end of the week harvesting will spread

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CHICAGO, 4 Sept 19, 1950.

In ancient times whenever a sound government was hard-pressed for oney, it turned to the printing press. Even in modern times the same has been itnessed, with respect to various countries on the European Continent: notably, Germany, ıd, of course, the collapse of the Reichsmark destroyed all values, ruined the iddle class, and paved the way for Hitler. Nobody expects that anything of that nd will occur in the United States, but yet there have been great fears expressed at with the tremendous expenditures for military armament it would lead to a eatly increased debt unless we economized on other fronts. Our federal debt w is $258 billion, and mounting daily; therefore, it becomes apparent that our untry faces a grim task on the economic as well as on the military front. Consequently, in the struggle for survival we cannot have business as usual, politics usual, and spending as usual. The primary concern is national security and the tegrityof our federal credit, which naturally is the keystone of all values. As a oston banker points out, "At the very time that this countryis fighting for its life, e are expanding social security and making promises of more pleasant living, but e are pitted against a nation whose people are inured to hardships and whose livg standards are not far above a subsistence basis, and whose satellite soldiers e given a few handfuls of rice and required to live off the land of their enemies."

When traders came to their offices this morning weather reports indiated that there had been moisture over the northern sections of the corn belt, also eastern Iowa, but temperatures generally are quite moderate. The five-day foreast is likewise favorable, with temperatures somewhat above normal. Thus the orn crop should gradually reach maturity as each day brings the crop closer to at goal. The Chicago & North Western Railroad report, which was quite pessiistic a month ago, still believes that its figure of 2 3/4 billion bu corn yield is onservative, and sees no reason to change it, although in the meantime we have ad confirmation from the government that the prospect was pretty well maintained uring the past thirty days. Not much attention was directed toward the lower stimate, nor in fact to some of the crop reports in the Northwest, which were not o optimistic. The Peavey Elevator Crop report stated that there had been heavy recipitation in northern North Dakota and the Red River Valley during the past eek. Likewise nights were cool and skies mostly cloudy; consequently, very ttle harvesting progress was made during that period. Unfortunately, the latest rop areas received most of the rain. It is generally felt that spring wheat yield ill about be in line with government expectations of about 270 to 275 million bu, hich together with winter wheat, which has almost been secured now, should ive us a total slightly over the billion-bushel mark. At a time when the export emand is so slow, there cannot be much enthusiasm except that which stems from rtificial factors and the possibility that heavier impoundings may take place, with rice of wheat now below loan levels in most sections of the country.

There has been some improvement in milling demand, and one of the rgest baking companies bought a million sacks of flour overnight, which probably ok some hedges out of our pit, and, therefore, was beneficial to the market. hile we had the soybean loan given us by the government some time back, we nd that prices will vary according to counties. For example, in southern sections Illinois, including Williamson and Jackson counties, the loan is $2.06 per bu while northern counties, including Cook, DuPage, etc., the loan is $2.12. At this riting we do not have the entire list but this is a sample of how it varies throughıt the state. In Iowa, the loan levels according to counties were somewhat wer, ranging from $2.06 to $2.09.

Primary receipts of wheat amounted to 1,866,000 bu compared with a lightly larger quantity last week and somewhat over 3 million bu last year. Kansas ity and Minneapolis stocks so far this week show a total increase of 155,000 bu.

Trade today was extremely modest. There was no important issue. heat prices ranged higher and there was some mill buying of futures in the Southest, as well as here. Cash wheat at Kansas City was firm to 1/2¢ up but specuatively there is no great enthusiasm yet and full advances were not quite mainined. Coarse grains were rather indifferent. This is not the time of the year rdinarily to buy corn, particularly with the movement still ahead. The same is ore or less true of beans. Lowest prices for that cereal are often recorded uring October.

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CHICAGO, 4 September 20, 1950

Both President Truman and ex-President Hoover agree that an organization rogram in government could bring great efficiency and economy to our system. In the Hoover report it is pointed out that federal jobs are so frustrating that half a illion persons leave their government positions each year; yet it often takes months to secure the resignation of unsatisfactory employees. There is so much duplication, for example, in the Department of Agriculture, that a farmer received conflicting dvice about fertilizer from five different units of that Department. The government wns 3 1/2 typewriters for each employee using these machines. Some government ureaus are stocked with supplies fifty years in advance. Actually Uncle Sam owns 27 billion worth of supplies and materials. There is no central inventory of this ast property. The Veterans' Administration takes five times as long to settle nsurance claims as private companies; still it uses four times the manpower per olicy. It is conservatively figured that $3 or $4 billion a year would be saved in he cost of government operations if these economies were effected. This would ean an average saving in taxes of $100 per year per family.

When our market opened this morning wheat prices were slightly lower, but here was no particular pressure and it is generally felt that with the wet weather hat has occurred Northwest, pressure from spring wheat will not be great. There s a considerable amount of grain stored on the ground in western North Dakota but ven heavier in Montana. We had one report of 200,000 bu in one pile at Poplar, Montana. The Minneapolis market would probably be flooded quickly if more box ars were available. However, there is a good demand for high quality wheat and he mills would take all they could get of the better grades. The next run from North Dakota is bound to be different and poorer wheat is going to find a more difficult job in getting placed. Some of it will undoubtedly be low in protein and tough, so that mills are not too anxious for that type of grain. Because of the fact that mills want the better wheat the advance in protein premiums have more than offset declines in the futures.

Looking at the weather map, there is no cold weather in sight as far ahead as one is able to forecast. This means that corn may reach maturity without much difficulty even though there had been adverse weather earlier which delayed the crop. There are some well informed people who believe that the government may be too high in its estimate as ears have not filled to the tip, but it has been our experience that in most cases the government has better sources of information than private individuals as they cover a wider territory, and we have not yet resigned ourselves to accept the real low estimates which have been circulated on several occasions. The Iowa weekly bulletin claimed that conditions during the past week were favorable, and that about 21% of the crop is in the hard-dent stage. This compares with 86% a year ago. The situation in that state is difficult to appraise because of the lack of uniformity of development within fields. In Illinois it is thought that by September 26th, 13% of the crop will be safe from frost in the northwest, and 61% in the central areas with many other sections running around 30% and upwards. Dr. D. A. Fitzgerald, Head of ECA Food and Agricultural Division, reports a downward trend in European requirements. The reduction is partly due to excellent European crops and may lower ECA agricultural exports by more than one-third. The only exceptions are for feed grains and soybeans. Total agricultural production in Europe will reach 100 to 105% of the prewar volume compared with 97% last year

Primary receipts of wheat today totaled 993,000 bu vs. 981,000 bu a week ago and 633,000 bu on the comparable day of last year. Kansas City and Minneapolis stocks show a net increase so far this week of 242,000 bu.

There was a little evidence of flour business today although as a whole the mills are only doing a small amount of new business as apparently after the purchases of the past few days many of the bakers are now holding off expecting somewhat lower prices. Export demand for flour is still very quiet. Consummation of some cash corn business led to buying of corn futures. Beans also found reasonabl support on declines.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 21, 1950

There is not much news affecting grain values, consequently trade is light, and there seems little incentive for taking a position at this time. When the loan program first started a good many people, who had been brought up to believe in fundamentals and that supply and demand factors would always prevail, finally had to concede that artificial factors could at least temporarily overcome these influences. For a time the large quantities of wheat that had been made sterile had such an effect on the market that we had artificial price levels with inverse carrying charges that often developed by December of each year. Those who had watched Chicago stocks and had felt that with poor demand or other bearish factors a carrying charge was likely between December and March and between December and May learned to recognize that when the government had so much wheat under its domination the nearby delivery often sold at a premium. This has been the case for six or seven years and because of precedent there seems to be a long interest at the present time in December wheat against a short position in the more deferred months, since many traders and hedgers were convinced that the pattern of past years might again be followed. Up to the present time they have been proved wrong, possibly for the reason that the export demand has fallen off considerably from those years in which we shipped record quantities abroad. Another factor was the Korean war, which gave us a high level of prices during the period of movement, and consequently a good deal of wheat came on the free market rather than being impounded under the loan. So there are differences as compared with last year and with previous seasons which have to be taken into account, although it is difficult to have very decisive views until the government tells us how much wheat has been taken out of the commercial supply.

Last season we learned on August 26th how much wheat had been placed in the loan during July. That was about the latest report received up to that time. This year we do not have any figures yet, nor is there any indication when Washington may disclose such data. It would, indeed, be interesting and fitting that these statistics be revealed in the best interests of our market, and yet one must only guess that probably the quantities tied up under the loan have been much smaller than in other years, particularly when prices at the start of the season were depressed. We believe that with present values somewhat under the loan level farmers may still take advantage of the government's loan policy, and, therefore, a bearish position based on statistics is probably not wise, but on the other hand there is no scarcity of supplies. Mills seem to be fairly well taken care of and quantities of grain in the various ports are sufficient to take care of any immediate demand from abroad. Thus there seems to be no paramount issue.

Our exports of wheat and flour during the past week were only 2.6 million bu bringing them to 42 million bu since July 1st. This compares with nearly 78 million bu cleared a year ago. There are some in Washington who feel that stockpiling may take place in the Far East but no confirmation from top sources. Since the start of the world crop year August 1st, all countries together have put afloat 78 1/2 million bu compared with 103 1/2 million a year ago, indicating that European demand as a whole has fallen off considerably, although most of the reduction has come from the U.S., which during that shorter period cleared only 23 million bu against 46 million a year ago. The only other grain that was exported from the U.S. during the past week was corn, with 1.1 million bu cleared, and since November 1st, 92 1/2 million bu has been shipped vs. 100 million bu the year earlier. Soybean exports since last November total 9 3/4 million bu compared with 17 million bu previous season.

Primary receipts of wheat were 1,667,000 bu compared with 1,166,000 bu last week and nearly 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 378,000 bu.

Trade was about as dull as we have seen it in a long while; either buying or selling orders of any consequence could easily have affected the market. However, trade was limited and milling demand was also light, with flour bookings probably less than half of capacity. The Cargill report was optimistic and said that all crop prospects were higher for 1950 than any year prior to 1946. Subnormal temperatures continue to hamper this corn in its race with frost. September corn was being slowly liquidated today and this future narrowed its premium over deferred months, but there was no excitement of any kind considering that tomorrow is the last day for trading in the September delivery. Beans were fairly strong.

UHLMANN GRAIN CO.

[illegible]

here is not much news affecting grain markets, [illegible]
recent [illegible] incentive for taking a position at this time. [illegible]
this started [illegible] many people who had been [illegible]
[illegible] supply and demand [illegible]
that artificial [illegible] could at least temporarily [illegible]
the large quantities of wheat that [illegible]
[illegible] that we had artificial prices [illegible]
[illegible] of each year. [illegible]

[illegible]

general level of prices [illegible]

[illegible]

Stocks [illegible] of wheat were 1,667,[illegible] as compared with 1,[illegible]
[illegible]
of 178,000,000.

[illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 22, 1950.

It was reported that widespread rains had fallen over India, parts of which had put the soil in good condition for the new crops. In the Punjab rains were excessive, which flooded the land, also in the Bihar province floods did great damage to native crops and livestock. However, when the water recedes the land will be in good condition for seeding grain and this work usually starts in October and continues through December. We hardly ever mention India any more in our market letters because since the early 1930's that country ceased to be an exporter. Now, of course, India, being so very short of food, imports from the United States, Argentina, and Australia, while Pakistan is a net exporter, and raising a crop of about 150 million bu wheat will probably ship close to 19 million bu, and apparently the grain is destined largely for Japan and Germany. It is impossible to say definitely what the population is in India since there has been no accurate census since the British moved out. Probably including Pakistan there are 320 million people in that country. Even taking into account the wheat that is raised in Pakistan the total is only about 375 to possibly 400 million bu per year, the latter coming in times of very favorable crops. The greatest food difficulties are in the South, especially in Indostan, while Bengal is in an up-roar, but despite all these difficulties the population as near as one can tell is increasing at the rate of nearly 10 million persons per year.

Food conditions are probably the worst in India of any major group of nationally organized countries, and starvation is constantly taking place; in fact, it has never been eliminated. Most of the exportable wheat from Pakistan currently reported at around 500,000 tons formerly represented domestic trade within the Dominion of India. As a result of partition, however, much of the surplus from Pakistan is being offered for export. Virtually all the wheat in Pakistan is harvested and threshed by hand and held on farms until cash is needed. Owing to the fact that storage is often on the ground or in pits, considerable dirt and foreign material has been common in grain which has moved into commercial channels. Taking the Indian Union separately their wheat crop is estimated at 222 million bu, slightly above the comparable estimate of 217 million bu for 1949, but even the slightly larger crop is considerably below the prewar average for that area. This is attributed to a sharp decline in the seeded acreage.

When our market opened this morning there was very little change in the price of grains in various pits. Canadian weekly wheat and flour exports were 4.3 million bu, bringing them to 24 1/2 million since the 1st of August, or nearly as much as last year when 28 million bu had been shipped. Canada exported 640,000 bu oats to the U.S. last week, which is the largest quantity in some time and shows what we may have to expect in the months ahead. As far as the Canadian wheat crop is concerned, we figure that frosts the latter part of August have taken rather heavy toll from the crop, particularly with respect to millable wheat. Starting on August 17th a week of frosts occurred in almost every district in Saskatchewan, and to a greater or lesser degree in many areas of Alberta and even in many parts of Manitoba. Inasmuch as the crop was two to four weeks late, the frosts naturally hit the wheat crop very severely, and this is true with respect to yield and also to grading. It is still difficult to say what the actual damage has been; probably it can only be determined after threshing.

Primary receipts of wheat were nearly 2 million bu. This compared with 1 3/4 million bu last week and 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 392,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 1 3/4 million bu.

Trade was not particularly heavy but volume was somewhat better than yesterday and there was evening up of September contracts, although no great excitement in any of the pits. Milling demand is still slow and export business equally dull. Corn was influenced by the five-day weather forecast which was for normal temperatures over the belt and very little precipitation. This naturally is all that could be expected at this time. The September delivery showed strength at times with shorts taking the initiative, but everything closed up very orderly. Beans were weak following yesterday's advance. Apparently $2 million has been allocated to European countries for the exportation of beans between now and February. However, the main issue is the big crop which is nearing harvest and we are bound to have to absorb hedges when the movement starts.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 25, 1950.

Some apprehension was expressed early this morning regarding frost damage from a rather unusually cold wave which moved in from Hudson Bay. From reports received there were heavy frosts over portions of Wisconsin and Michigan and some light frosts at a few points in extreme northern Illinois and Indiana, although one report we had mentions heavy frosts at Lincoln, Illinois, with the thought expressedthat some late beans might be caught. However, the forecast is for fair weather and warmer temperatures Northwest, as well as throughout the corn belt. It does not appear from what we have seen so far that any major damage could have been done over the greater part of the commercial corn area.

The Free Press of Winnipeg has just released an estimate for the three Prairie Provinces, placing the crop at 423 million bu as compared with 455 million bu in the second official Canadian government estimate. While the Free Press' estimate is for a 103 million bu reduction from mid-August, it would still give Canada the seventh largest crop ever produced in the Prairie Provinces. Broomhall has recently released figures in which he shows 1,278,800,000 bu wheat available for export surplus for the year 1950-51. The disposition is as follows:

FROM	NET WHEAT SURPLUS FOR EXPORT 1950-51
United States	580,800,000 bu
Canada	350,000,000
Argentina	104,000,000
Australia	168,000,000
France	36,000,000
Pakistan	24,000,000
USSSR & Danube	16,000,000
TOTAL	1,278,800,000 bu

In making up the figures he allows 150 million bu carryover in the United States, and 80 million bu in Canada, which, of course, would be less than at the beginning of the present crop-year. However, he does not feel that importing nations will take more than 740 million bu unless they resort to stockpiling; therefore, calculates there will be a lot of surplus wheat carried over into the next season. A fair part of the increase would be in low-grade wheat in Canada, the exportation of which will depend upon asatisfactory price.

USDA announced that under the CCC storage program they have obtained facilities for 706 million bu storage. Since the removal of restrictions by CCC a year ago last June great strides have been made in adding government storage. According to the figures CCC actually owns 547 million bu, they have guaranteed agreements for 83 million bu, and farm storage through loans for 54 million bu. The largest storage is Iowa, with 180 million bu; Illinois 117 million bu; Nebraska 93 million bu; Minnesota 46 million bu; South Dakota 44 million; Kansas 41 million; and Texas 27 million bu. These enlarged facilities have changed the movement of crops at harvest-time, and many feel that the box car shortage at times is due to an artificial or abnormal movement of storage grain at a time when cars should be available for movement of a new crop.

All pits seemed to lack any real support today. Many grain men are attending the National Grain Dealers annual convention in Kansas City, and we hear from quite a few of the visitors that a very large wheat acreage is expected in the Southwest; in fact, some are estimating the Kansas acreage at about 16 million acres This probably accounts for the weakness being expressed in July wheat, which was traded in for the first time today. If one considers the loan price for next year about the same as for the current year, with 7¢ less storage for the farmer, and if indications are for a bountiful yield, July does not appear attractive. The Agricultural Letter of the Federal Reserve Bank of Chicago mentions that it appears as though many farmers will have more than the usual amount of soft corn this fall, with the attending difficulties of storage.

Primary receipts of wheat today totaled 2,471,000 bu against 2,666,000 last week, and 1,242,000 last year. When the visible supply was posted, wheat showed a decrease of 629,000 bu, the total now standing at 225,176,000 bu or 20,652,000 bu larger than a year ago. However, at that time Enid was not a reporting point, and their stocks total almost 33 million bu. Chicago stocks of wheat decreased 72,000 bu, and now totals 12,239,000bu. Corn stocks in this market increased 393,000 bu, making a total of 10,870,000 bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 26, 1950.

While no two years are ever the same, the present crop in Canada is being compared with the one raised in the 1928-29 season, as the size of the crop is somewhat comparable and early frosts in the fall resulted in considerable loss in both grade and yield. In that period the three Prairie Provinces produced approximately 545 million bu wheat, and all of Canada 567 million bu. Of this amount only about 1% graded No. 1 Northern, 12% No. 2 Northern, 20% each No. 3 Northern and No. 4 Northern. In other words there was actually 52.9% of the wheat that made contract grades. On July 31, 1928, the carryover was approximately 77,600,000 bu, the crop 566,700,000, or total supplies of nearly 644 million bu. Using the last Canadian estimate of 490 million bu and adding it to the carryover of 113 million bu on July 31, 1950, would give Canada this year total supplies of about 603 million bu. In the 1928-29 season about 408 million bu was exported, 132 million went into domestic disappearance, leaving the carryover on July 31, 1929, at 104 million bu. In that year Japan and China took large quantities of low-grade wheat, amounting to about 35 million bu as wheat and flour. We understand that the low-grade wheat even down to the feed type was used for human consumption in the Orient, either being processed into their type of bread or flour dumplings. It will remain to be seen whether the Far East market can be again opened up for what looks like large quantities of damaged wheat. The Canadian Wheat Board has established an initial price of $1.40 basis Ft. William for No. 1 Northern. This compares with last year's price of $1.75, and the present price of $1.98 at which the top grade is being sold by the Board under the International Wheat Agreement. The Canadian Board has set the following tentative scale of prices for the 1950 crop: (Ft. William)

GRADE		GRADE	
No. 1 Hard	$1.40	No. 6 Wheat	$1.06
No. 1 Northern	1.40	Feed Wheat	1.00
No. 2 Northern	1.37	No. 1 C W Garnet	1.28
No. 3 Northern	1.30	No. 2 C W Garnet	1.25
No. 4 Northern	1.22	No. 3 C W Garnet	1.18
No. 5 Wheat	1.12		

The Argentine government has recently released an estimate of 16 1/2 million acres planted to wheat, which would compare with 13,300,000 the last year, or an increase of approximately 24%. This indicates the possibility of a crop totaling 207 million bu against home requirements of 110 to 125 million. Broomhall, reporting for Europe, states that wet weather has caused greater doubts with reference to the yields in the U. K., Holland, and Belgium, although weather is more satisfactory elsewhere but moisture is needed in some sections of the southeast. Frequent rains in the U. K. have delayed harvesting and farmers are complaining of heavy losses and that the official estimate is too high. The French crop has now been officially revised to 270 million bu compared with the earlier estimates of 260 million, and with 294 million bu in 1949. That country's corn crop is estimated at 12 1/2 million bu vs. 9 million a year ago, while the oat crop is about 5 million bu larger than ayear ago. The Italian corn crop seems to be running 25 to 30% lower than a year ago.

Primary receipts of wheat today total 1,081,000 bu against 1,866,000 bu last week, and 1,971,000 bu the comparable day last year. So far this week Minneapolis and Kansas City stocks of wheat show a net increase of 150,000 bu.

One of our very good friends in Minneapolis, on whom we place great reliance, states that the past week was fine and dry with harvest progressing in western North Dakota and Montana, and by end of the week all along northeast North Dakota and the North end of the Red River Valley, and that with favorable weather the late crop would continue to mature.

With favorable weather forecast, and extremely cheerful news from Korea, momentarily bullish enthusiasm is lacking. There still is no perceptible pick-up in flour business, although some interest is being expressed by the larger buyers. Canada booked heavily, but considerably under price levels of this country. Red wheat is still selling at large discounts. There had been a little freer offerings of new beans from the country, but with processors lowering their bids, offerings again dried up.

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CHICAGO, 4 September 27, 1950

There was no special news overnight to influence grain values. The chief factor right along has been the low rate of exports, and for the first two months of the crop-season: namely, July and August, we have shipped only 39 million bu, according to official figures compared with 61.7 million bu last year. This, of course, includes quantities going to ECA countries, as well as exports to Germany and the U.S. Pacific occupied areas and other countries which are paying cash for their grain supplies. On the whole it does suggest that for the entire season we are going to have a material falling off as compared with recent years, probably coming at a time when impoundings are much smaller than usual. There is, of course, a good reason why this should be the case when we consider that prices were high enough during the period of winter wheat movement when farmers were attracted to sell their wheat on the open market rather than to take the loan. Unless this is greatly offset between now and end of January, we may find that possibly only about half or a little more will be so tied up and taken out of the commercial supply. If this is all correct, and if we further assume that the relatively small quantities of soft wheat that generally are impounded, one naturally wonders what the situation may be with respect to carrying charges in the Chicago market. For the time being we have just about as much wheat in this market as last year. The total amount of red wheat raised was smaller but apparently exports, which were not too heavy last year, are even on a diminished scale at present with the result that wheat East of here, particularly in Ohio, is selling at big discounts. Therefore, there is no great attraction in taking delivery of wheat in Chicago and trying to ship it to consuming markets East of us. Furthermore, the banks have recently raised interest rates, which makes it more expensive to carry wheat.

Because of these various factors, there are more people now who feel that the difference between December and March and between December and May will widen rather than narrow. This is quite different from the situation that prevailed during the past six or seven years when we had artificial factors and premiums for the nearby deliveries. It likewise makes the bull side of the market less attractive because naturally a carrying charge is a handicap in such operations. We have seen how those playing the constructive side of the rye market have had the same difficulty now for several years when they had to pay a premium every time for going into a successive future at a higher level.

Broomhall estimates that exporting countries will have 93 million bu more wheat than last season located mostly in Canada, Pakistan, and Argentina. The U.S. is expected to export less wheat but more grain to Europe than a year ago. Corn exports may reach 145 million bu this coming season if prices do not advance. Few other exporting nations have corn to spare. The Rumanian corn crop is described as bad owing to the July drought, and the wheat crop is reported to be about average. During the past week Russia exported 440,000 bu wheat to Italy. Since August 1st their total wheat shipments have amounted to 1.3 million bu vs. 3 million a year ago.

Primary receipts of wheat amounted to 966,000 bu, just a little less than last week compared with 569,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 40,000 bu.

Trade was not too active early but there was a much better undertone to beans for the reason that there was quite a little export business put through but bids to the country were somewhat higher for loaded cars and there was some talk that some quantities would go into storage. Germany, which had made some purchases here yesterday, was in the market again this morning, and Ireland was reported as having bought 2,500 tons of grain sorghums. All this had some influence for a time on other grains but wheat never showed much strength probably for the reason that the milling demand is still very poor. The world crop of wheat this season is placed at 6,400 million bu, which, with the exception of 1948 when the total was 6,420 million bu, is the largest production since 1938. It compares with the pre-war average of 6,024 million bu. The world rye crop of 1,670 million bu compares with the pre-war average of 1,732 million bu.

According to the Kansas Weekly Report, seeding of the 1951 wheat crop continues to make rapid progress with 60% already in the ground. Many early planted fields are up to a good stand in western counties. Subsoil moisture is reported ample to surplus in all parts of the state. However, surface moisture is short in a few western and north central counties. The weather outlook suggests further moisture over the corn belt.

When the session was nearly ended, there were rumors that the North Koreans had expressed readiness to end the war. This had a depressing influence on all grains

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 28, 1950

We salute Ballard and Ballard Company, Inc., the men and women of that milling firm who have pledged that all eligible parties have registered to vote. Whether a person is Republican, Democrat, or Independent, he enjoys the sacred right to cast his ballot, and should never believe that by forfeiting his right it makes no difference; because when he shirks his duty, he gives up the greatest privilege of a Democracy even though he may say that one vote will do no good. Let us not forget that Thomas Jefferson was elected President by one vote in the electoral college; so was John Quincy Adams. Rutherford B. Hayes was elected President by one vote; his election was contested and was referred to an electoral college. Again he won by a single vote. The man who cast that deciding vote for President Hayes was a Congressman from Indiana, a lawyer who was elected to Congress by a margin of just one vote, and that one vote was cast by a client of his who, though desperately ill, insisted on being taken to the polls to vote. Let us not forget that it was just one vote which gave statehood to California, Idaho, Oregon, Texas, and Washington, and today all the millions living in those five states are Americans by just one vote. The Draft Act of World War II passed the House by just one vote. If time permitted and our Research Department were qualified we might find many other similar historical cases to prove this point. Therefore, it behooves all of us to pledge that we and our families will do our duty. The course of the world may well be determined by the faith that we Americans have in ourselves in accepting the responsibilities of self-government.

Overnight weather was mostly satisfactory. There has been some rain over the corn belt, but yet it does not look as though much more moisture would occur. Furthermore, there seems to be no likelihood of frosts over the main belt, although some freezing temperatures are likely along the Canadian border.

There was nothing further heard about direct negotiations for peace in Korea, although our progress militarily is all that could be hoped for. Still it was thought that since the last break in the market yesterday was due to immediate peace rumors, there might be some reaction. The market, however, did not respond much to the little short-covering that took place, and on the whole there seems to be a very cautious attitude on part of traders to await new incentives. The Chicago corn-hog ratio is 13.7, the same as it was a week ago and a point lower than a year ago. Nevertheless, there is sufficient attraction to believe that our consumption of corn will again be heavy this season, possibly 3 billion bu or more being so used. Moreover, the demand for alcohol and synthetic products will occasion more than usual consumption of corn for those purposes, but on the other hand we are about to harvest a very large crop, and with the big carryover reserve, it may be too early yet for investment purchases. We found in our cash business with Illinois shippers that overnight offerings from the country were almost entirely lacking, and this referred to soybeans as well as corn.

One of the reasons for the draggy wheat market is the fact that our exports of wheat and flour are so light. According to Broomhall, they were only 3.3 million bu last week, and since July 1st had been 45.5 million compared with 91 million a year ago. Thus only half as much is being cleared. Other nations are doing comparatively better. Since August 1st, which was the start of the world crop-year, Canada has shipped 26 million bu compared with 36 million the season before, Australia 20 million bu, which was almost the same, Argentina 16 million vs. only 6 million last year. Russia is hardly a factor this season, having cleared only one-third as much as last year. U. S. corn exports since November 1st have been 93 million bu compared with 101 million bu last season.

Primary receipts of wheat were larger and amounted to slightly over 2 million bu compared with 1.6 million last week and 1.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 85,000 bu.

There was no particular feature in any of the pits except possibly beans. That market was higher and hedges were apparently covered against export sales. Meal prices were somewhat lower today. This had very little influence on the market, apparently some business was done with Belgium, and we are convinced that there is going to be some trade with many European countries, but on the other hand being on the eve of a movement it is hard to tell how much pressure will develop from first hands as soon as harvesting operations have been completed. There was also some spring wheat sold for export but it had little influence on values, as not many hedges were covered, although there seemed to be firmness during the latter half of the session, despite the slow flour demand, and most mills are claiming a disappointing volume. Corn prices finally firmed but there seemed to be relatively little commercial business.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 29, 1950

Cash receipts from farm marketings during the first nine months of 1950 are estimated at $18.7 billion. This is 4% less than a year ago but is due mostly to the fact that volume of marketings is somewhat smaller. Actually prices of farm products to-date average nearly the same as a year ago. It is rather interesting to note that gross farm income may be nearly as great this year as it was last, when it reached $28.3 billion. The record was made the year before when a figure of $30.8 billion was established, that being the highest in any period of record. Prior to World War II, farmers were getting from $7 to $10 billion per year for their products, and, of course, after the war cash receipts increased rapidly, so that at the present time the farmer is in much better shape than at any time in history. The low point was reached in 1932 when gross farm income dropped to $4.7 billion, and the high point between 1910 and 1932 was in 1919 when cash receipts had risen to $14.6 billion. After 1933, government payments became a factor, and even in the years of big income total receipts have been swollen to some extent by the monies paid out by our federal government.

Before our market opened this morning, the Department of Agriculture published some figures showing the amount of wheat impounded during July and August. The quantity was slightly less than 57 million bu compared with 167 million bu the year before. Surprisingly enough, this had very little market influence, although it tended to show that with high prices following the Korean disaster, a good part of the grain came on the market rather than going into loan. Unless farmers assume a far different attitude between now and end of January, during which period they can still impound their grain, we might have quite a lot of free wheat with which to deal. Possibly the carryover reserve next July will constitute much more free wheat than we have had in many seasons. There was some export business reported in spring varieties, with several of the exporting houses buying December wheat here apparently removing hedges, which afforded some strength to the market. Otherwise there was no particular reason to expect higher prices.

Overnight weather was fairly good. Temperatures were moderate and not much precipitation is in sight for the next twenty-four hours, which should be helpful for maturing of both beans and corn. However, the five-day forecast suggests that there will be precipitation ranging from 1/2 to 1 inch as occasional showers Saturday and Sunday for Illinois, with temperatures about two degrees below normal. For Iowa, Wisconsin, and Minnesota, temperatures will be about 5 to 10 degrees below normal, while freezing temperatures may occur in Minnesota and northern Wisconsin Sunday night, and possibly the extreme northern parts of Iowa by Monday night. Precipitation, meanwhile, of 1/2 to 1 inch, principally tonight and Saturday is also expected. This, together with some export business in corn, had a rather strengthening influence.

The North Western Railroad still anticipates disappointment in husking returns, and believes that the September 1st estimate, which they made of 2 3/4 billion bu for the corn crop, is about in line with expectations. The government forecast, of course, was considerably higher. Country offerings from downstate were somewhat improved, but there is still no great pressure, and some of the cash handlers who were short beans for Sept. contracts were still stirring around to fill commitments. This in turn had some influence on the November bean contracts, which opened higher.

Broomhall figures that during the current crop-year total world shipments will be about 740 million bu, of which 196 million bu will be furnished by the U.S. clearances; 240 million bu from Canada; 104 million bu from Argentina; 124 million from Australia; 36 million bu from France; 24 million bu from Pakistan; and 16 million bu coming from Russia, the Danubian, and surrounding territories.

Primary receipts of wheat were nearly 2 million bu today, about the same as last week, and compared with 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 179,000 bu. When the visible supply is posted on Monday, it will compare with a decrease of 1.6 million bu last year.

Wheat lost a good part of its gain, but prices nevertheless were firm due to the strength in corn. Milling demand was still not too active, although business northwest is running around 150% of capacity, according to the Southwestern Miller. Wet weather which is possible during the next four or five days is apparently making shorts in corn and in beans cautious; otherwise there is not much news.

UHLMANN GRAIN CO.

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CHICAGO, 4

October 2, 1950

In our market letter of June 9th, we stated: "Despite denials from Canada, we would not be surprised to see the Canadian dollar revalued on a parity with ours." There were some monetary experts in Canada who agreed with us, while most others were of the opinion that there was little to be gained by revaluing the Canadian dollar since it would only mean lower prices for agricultural products, for metals, and other commodities that went into international trade. It was figured also that little consideration should be given to import articles for which Canadians were paying a premium in this country, mostly automobiles, electrical appliances, and moneys needed for tourist travel. Nevertheless, the huge spending in the U.S. has been causing the flight of money from here to Canada and to Britain. Finally Ottawa had to yield to supply and demand factors. As we understand it the Canadian dollar will be allowed to find its own level in world money markets, and already the Finance Minister has suspended exchange trading at the controlled rate, although we are under the impression that the Cabinet has not decided to establish any new fixed parity or any new official rate. Instead rates are fluctuating according to supply and demand factors, but in any case freeing of the dollar is effective immediately. However, the Foreign Exchange Control Board will stay in operation, and at least for the time being restrictions against capital movements remain unchanged. Gold mines, which would suffer a loss in revenue by any rise in the Canadian dollar, are to be compensated by bonus action. It is hoped that unofficial or black market transactions will gradually be eliminated. The recovery of the Canadian dollar thus far has not been as complete as many had anticipated. Possibly it will come later. There have been a good many Canadians and others with Canadian funds who have been locked in for a long time. Possibly they are transferring their funds to the U.S. but we heard of some transactions this morning on basis of 92 to 93¢, which would still be a discount of 7 to 8%.

It was quite natural, therefore, that certain grains traded on the Winnipeg Exchange, like oats, rallied rather sharply, and reacted about 2¢ a bu following the Saturday decline.

Weather over the week-end had been fairly satisfactory for maturing of corn and beans. Temperatures East of the Mississippi River were unseasonably high, with little rain, but there is still some chance of moisture developing and also, a likelihood that frosts will occur in northwestern Iowa and northwestern Nebraska. This had some influence on corn values, which were about a cent higher at the opening, but markets almost immediately eased, then fluctuated, with trade rather moderate in all pits.

During the past week Canadian wheat and flour exports were nearly 4 million bu, bringing the total since the beginning of their crop-season, August 1st, to 28.3 million compared with 32.5 million a year ago.

The country is not selling either corn or beans in any quantity. The one exception was for beans where a small premium was paid when shipment will be effected by October 4th. However, as the movement gradually enlarges, we think there will be quite a change in this situation.

Our Southwest reported rather heavy rains yesterday and last night. In Omaha, Nebraska, the heaviest rainfall reported was nearly 2 inches, but there were several areas in Kansas where more than one inch occurred, and all this must be wonderful for the next wheat crop, particularly in those sections where seeding is nearly completed.

Primary receipts of wheat today totaled 2,759,000 bu vs 2,471,000 bu a week ago and 1,289,000 bu on the comparable day of last year. When the visible supplies were posted, wheat showed an increase of 1,669,000 bu bringing the total to 226,845,000 bu or nearly 24 million bu larger than a year ago. However, at that time Enid was not a reporting station and their stocks are approximately 33 million bu. Chicago stocks of wheat increased 231,000 bu bringing the total to 12,470,000 bu, while corn increased in this market 365,000 bu, bringing the total up to 11,235,000 bu.

Flour business was rather small over the week-end with most of the business going to mills grinding spring wheat. There were a few scattered export sales but nothing of volume. Brokers associated with several elevator houses seemed to be fairly active on the buying side.

Cloudy and humid weather prevented much enlargement of the bean harvest but the tractors were supposed to be back in the fields by noon today. A Downstate Illinois newspaper stated that the government will rent storage facilities to Illinois soybean producers and handlers for 7¢ a bu and an estimated 24 million bu space is available.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 3, 1950

Eating habits of a nation change but slowly, except when emergencies arise. Nevertheless, necessity is the mother of invention, and we have found that from a position of relative unimportance, wheat in recent years has become one of the major Japanese crops. Since early history rice was the most important product of Japanese agriculture, and had accounted for 70% of that country's staple food. Since the war we have made heavy shipments to that country, while the Japs themselves have increased both acreage and yields over the years. It may be that in time wheat will supplant a good part of the Japanese diet, which at present consists largely of rice, wheat, barley, sweet potatoes, as well as white potatoes, these furnishing some 85% of the calories in the Japanese diet. In many of the other parts of Asia the same is more or less true, and on much of the land rice will produce more food in terms of calories than any other cereal. Furthermore, rice can be cooked with a minimum of fuel, which is a most important consideration in many Far Eastern areas where fuel is extremely scarce in relation to population numbers. Wheat, of course, has been the principal food in Northern India and what is now Western Pakistan, because it was better suited than rice to the soil and the climate of that area. Wheat is also grown in Japan in rotation with rice. However, it must be noted that individual farms in Japan are very small and two-thirds of them cultivate less than 2.4 acres each. The land is generally steep and mountainous, and only a small proportion is suitable for cultivation. At present despite great strides that have been made, no more than about 16% of the total land area is under cultivation, and no matter how hard farmers try expansion in food production has a natural limit. Another characteristic of Japanese agriculture is the fact that two successive crops of the same product are grown each year on a large part of the land. For example in 1939, Japanese harvested area amounted to nearly 20 million acres, over one-third more than the land reported as cultivated.

Before our market opened this morning there had been reports of frost in our Northwest, also in portions of Nebraska and Iowa. The forecast is for fair and colder tonight and freezing temperatures are likely again in northern and central Iowa and Nebraska, while light frost is expected in northern Illinois and Indiana. The five-day forecast for Illinois and Indiana also looks for precipitation of 1 to 2 inches in the South and relatively less in the North. This is not regarded as very propitious for the gathering of beans, and in fact, in some parts of our state there has already been enough rain to bring all field work to a halt. Thus there is not much pressure from the movement of these crops, especially beans, and the market this morning opened quite strong reflecting this situation. We saw no evidence of business overnight and the few cars of loaded grain were apparently attracting good prices.

Broomhall's Foreign Crop Summary called attention to moisture recently over southeastern and some southern areas, which have improved soil conditions in Europe for both plowing and seeding. Elsewhere weather has also been mostly favorable. Good progress was made in France, and new winter wheat gradually being sown. The same is true in Germany, and as a result domestic offerings of grain remain small. The Danube Basin had badly needed rains, which have facilitated seeding of winter grains.

Primary receipts of wheat were a little over 2 million bu compared with somewhat over 1 million bu last week and nearly 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 40,000 bu.

Trade was not particularly active. At times the market was lower and flour demand is still rather dull with no appreciable pick-up in business. Chicago contract stocks of wheat are nearly 5 million bu including 3 1/4 million bu red wheat for which the demand is not very keen. This suggests possible widening of carrying charges and to that extent does handicap bullish operations. However, there was enough speculative buying from time to time to prevent any sharp declines.

Late in the session, the weather forecast called attention to the possibility of killing frosts in northern Illinois. Apparently ground temperatures are often somewhat lower than recorded readings and this seems to be the explanation for some apprehension as the routine weather predictions do not look for any extremes overnight even though the thermometer will get to within a few points of freezing. Soybean oil was somewhat higher but meal was unchanged from yesterday. Commercial interest at the moment is very small in beans but we look for quite a pick-up when the crop moves in volume.

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CHICAGO MERCANTILE EX.

October 4, 1950

The Department of Agriculture observes that in almost every year prices of hogs improve during the summer months when market receipts are small and then decline during the fall months as hogs from the spring farrowings are marketed. With certain exceptions prices have followed this pattern so far this year and a normal trend is expected through fall. We witnessed an advance in hog prices during August to the highest level in nearly two years, with demand strong for the seasonally small supply. Since that time there have been some reactions with prices of light-weight hogs off the most.

Now that there have been some frosts rather generally over Iowa the question arises as to what disposition can be made of soft corn. The BAE has anticipated that because of the late season much of it would be soft unless frosts were delayed beyond the usual date, and they likewise predict that if there were much soft corn a demand for feeder cattle, already very strong, would be intensified. On the other hand it would make it less easy for farmers to get the loan until the corn dries out. Therefore, impoundings might be somewhat smaller but with the number of driers that have been built in the corn belt, we doubt whether this factor should have too much influence on prices. Probably of greater importance is the amount that moves for export, and in that connection we are really the only country possessing a large reserve. It has been estimated that possibly 150 million bu will be cleared during the coming season. This seems rather insignificant in comparison with the 3 billion bu corn crop, but yet we must compare it with the amount that actually comes to terminal markets, and on that basis it looms up as a much larger figure. Corn in that respect is so far different from wheat, inasmuch as about 85% of the corn seldom leaves the county in which it is raised.

Early this morning the Galvin report was issued and an indicated corn crop of 3,122 million bu was a reduction of about 40 million bu from the government figure of September. Apparently some adverse weather, including the late September frosts in various sections, was responsible for this change, but on the whole not too much attention was paid to it, probably for the reason that we are faced with a 950 million bu carryover, which is the largest in history. The same authority cut the spring wheat crop about 6 million bu, while soybeans appear to be somewhat larger than the government's September estimate. All in all there were no big surprises.

When our market opened prices were slightly lower. Frosts had been expected in northern sections of Illinois and Indiana, but apparently temperatures did not record the severe low which had been expected and only low spots were hurt. The lowest reading for Illinois that came to our attention was at Rockford, where the thermometer had dropped to 32 degrees. However, almost all stations in Iowa were under freezing, so that growth in that area has practically come to a halt. The outlook is for clear and generally rising temperatures.

One of the large newspapers in Oklahoma carried an article this morning with respect to Oklahoma wheat plantings, which are estimated to be about 7 million acres, or 10% more than the federal allotment for that state. Apparently farmers are willing to gamble on prices next summer and ignore the restrictions imposed upon them if they wish to take the loan. In other words, they are willing to take their chances on the open market. To-date about two-thirds of the crop has been planted and finally Oklahoma might actually sow more than the 7 million acres now being discussed.

According to Broomhall, the U.K. is expected to import 200 million bu wheat and flour during the current season. They have already taken 37 million bu from Australia, 2 million from the U.S., and may take 120 million bu from Canada. In that case it would leave only 40 million bu to be procured from other sources.

Primary receipts of wheat were lighter and amounted to a little over a million bu. This was slightly more than last week but compared with only 556,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 127,000 bu.

The Southwestern Miller reported that only a small amount of flour business was taking place although demand for spring wheat was somewhat better than for hard or soft winters. The state reports were quite good. The one for Kansas told of rapid progress during the past week, with 80% of the 1951 crop now in the ground. In Nebraska winter wheat is getting off to an excellent start. Soil conditions are ideal for wheat throughout the state. Not much attention was paid to a late weather forecast claiming rather general frosts for Illinois. Beans were nearly 5¢ lower.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 Oct. 5, 1950.

A national acreage allotment of 72.8 million acres for the 1951 wheat crop was announced on July 14th. Actually seedings have exceeded this figure in only seven years of our history. The all-time high was 84.9 million acres in 1949, and it may be some time yet before such heavy sowings will again take place, particularly if the government resorts to acreage allotments in order to bring our production more in line with normal usage. Acreage allotments were in effect in 1950 for the first time since 1942. Allotments had been announced for the 1943 crop, but were suspended because of the war. Again the government gave greater latitude after the outbreak of the Korean war in an effort to stimulate large reserves, but liberal as the allotments now are, there is some chance that farmers may ignore them and exceed their plantings over and above regulations that are granted in each individual case. Price supports by means of loans and purchase agreements will be available on the 1951 crop from time of harvest through January 31, 1952, but only to farmers who comply with their acreage allotments. These loans will mature the following April 30th or earlier on demand, in accordance with previous conditions and formulae, but we have already heard in certain cases that producers may be willing to take their chances of selling wheat on the market rather than impounding it, and for that reason with the fine soil conditions, particularly in Kansas, Oklahoma, and Texas, we may have a somewhat higher acreage than is intended. Even assuming that the acreage can be held down to 72.8 million for 1951, we might still raise a crop of 1,150 million bu, which, together with a likely carryover of 425 to 450 million bu, would give us a total supply of nearly 1,600 million bu.

It is probably for this reason that July wheat is selling at such a big discount, and at one time today it sold at more than 13 1/2¢ per bu under the price of May wheat. However, we are beginning to feel that with one of the largest reserve stocks facing us on July 1, 1951, a good part of which may be in the free supply, the big premium for old-crop positions may not be warranted, and should there be any further widening from this point we would recommend the sale of May wheat against purchases of the July future. Temporarily the difference may widen somewhat, and naturally a good deal will depend on the tempo of exports, which at the moment show a slight improvement. During the past week we shipped 4.2 million bu wheat and flour, and since the 1st of July our total clearances have amounted to 54.6 million bu compared with nearly 95 million bu last year. Thus the rate for this season is only 58% as great.

Another factor, of course, is the rate at which wheat may be impounded between now and end of January. We should imagine that proportionately more might be tied up with prices under the loan level, although it is difficult to forecast definitely and probably enough was sold earlier in the season so that it will be next to impossible to catch up with the large quantities that were impounded a year ago. Not much information is coming to us from the Northwest, although we are inclined to believe that the amounts are relatively smaller than in 1949.

Since August 1st, which was the start of the world crop-year, all exporting countries together cleared 111 million bu wheat compared with 136 million bu last year. Consequently, the comparison is not too bad, considering the smaller quantities we have exported. Actually Canada has shipped within 8 1/2 million bu as much as last season; Australian shipments, which are partly estimated, seem to be slightly higher. Argentina shipped 18 1/2 million vs. 7 million bu, with clearances from Russia only 1 1/2 million bu vs 3 million last year.

Primary receipts of wheat amounted to 1,885,000 bu compared with 2,061,000 bu last week, and 1,071,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 76,000 bu.

All markets were about as dull as they could be; there was no appreciable pick-up in milling demand, thus, few hedges are being taken out of the pits either here or in outside markets. Corn was weak, despite some frosts in Illinois, but on the whole no concern is felt over crop development. Cold weather came rather late. Actually corn showed little recuperative power, even when other grains reacted. Beans at one time were quite weak even though the movement from the country is still moderate. We understand, but cannot confirm, that the CCC was making inquiries --this apparently had a steadying influence.

UHLMANN GRAIN CO.

[illegible]

A national [illegible] of 7?? million [illegible]

was announced [illegible]. A [illegible] seven years of our history. [illegible] and it may be [illegible] clearly [illegible] with more [illegible] the first time since 1942. [illegible] but we are [illegible] of the year [illegible] as the [illegible]

[illegible] them and [illegible] individual [illegible] will be available on the [illegible], but only to farmers who comply [illegible]

[illegible] conditions and [illegible], but we [illegible]

[illegible] in Kansas, [illegible] than is [illegible] likely carryover of [illegible] 1,700 million [illegible]

[illegible] and [illegible] wheat. [illegible]

[illegible] July 1, 1943 [illegible]

[illegible]

Another factor [illegible] between now and end of [illegible] well in [illegible] a year ago. [illegible] that the amount [illegible] relatively smaller than in 1942

Since August 1st, which was the start of the world crop year, all [illegible] countries [illegible] less [illegible] as much as [illegible] with [illegible] 1 1/2 [illegible]

[illegible] 1,231,000 [illegible] 000 bu.

[illegible]

[illegible]

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CHICAGO, 4 October 6, 1950

There seems to be a rather steady business in corn for export. The U.K. bought a cargo overnight in addition to some U.S. spring wheat, but it seems that we are about the only country possessing a surplus of corn, and, therefore, it is logical to suppose that our shipments during the season will be quite large. For the time being this is having some influence on the market, as the movement from the country has not yet started with respect to the new crop. Furthermore, old corn is rather tightly held, and it has been estimated that about two-thirds of the reserve is probably tied up under government loans or is otherwise held by various U.S. agencies.

Weather seems entirely satisfactory. Temperatures have moderated and although there have been some frosts generally scattered, not too much attention is being paid to it because we often have our cold weather during the first week or two of October, and it is not likely that damage has been heavy.

It was announced from Washington that Britain had sent a special envoy to Moscow to try to buy at least a million tons of coarse grains. This is about the same quantity purchased a year ago. However, they may not have as easy a time of it now because recently British officials had refused to sell machine tools to Communist countries, and we understand that some of the contracts that were made six or eight months ago have not been fulfilled. The apparent reason for the British buying in Russia rather than in the West is to save dollars. However, it remains to be seen if Russia will export grain except in return for machinery, electrical goods, etc.

In their monthly statement the CCC gives their wheat inventory at end of August 317 million bu compared with 323 million bu at the end of July. There was 77 million bu under the support program, which would include 56 million bu impounde this year, 7 million bu re-sealed from 1948 and 1949, and also 14 million bu of 1948 and 1949 crop either in process of liquidation or to be re-sealed. The corn inventory was given as 329 million bu, virtually the same as it was the end of July. These figures show clearly the amount of reserves that are being stored in various parts of the country, but as an offset CCC has either bought or acquired over 700 million bu storage space during the past twelve months. As long as there is a fair inquiry from Europe this situation does not disturb our agricultural planners, but if we continue to raise big crops, with the gradually diminishing demand, it may create proble for the future, although apparently little concern or consideration is attached to such statistics at the present time.

In looking at the rye situation we find that the total supply in Canada is very much the same as it was a year ago. The carryover was somewhat less but the crop was heavier and on August 1st there was 21 million bu on hand compared with 22 million bu the year earlier. Canada exported in the 1949-50 season nearly 10 million bu rye, the bulk of which was destined to the U.S. Home consumption, including seed, feed, waste, etc., was only about 5 million bu, which permitted a carryover reserve of 6.6 million bu. We must assume, therefore, that U.S. may be called upon to import 9 to 10 million bu again this season, which if added to our own crop and carryover could give us a total supply of 42 million bu. Unfortunately, there is not much demand from Europe and countries that normally import rye seem to be getting their supplies largely from Poland. This is undoubtedly the reason for a heavy carrying charge in Chicago rye, which is somewhat of a handicap to bullish operations and our Chicago stock hardly changes from week to week, despite some demand from distillers, etc. Regardless of favorable weather, there is little improvement from day to day in country selling of beans. A small amount in loaded-car position had been sold overnight but it may take a little time yet before the volume increases. Nevertheless, Illinois has the largest crop in its history, and likewise has raised more than any other state. Even assuming that processors have let their stocks decline to very small proportions, we imagine that there will be some pressure before long.

Primary receipts of wheat were nearly 2 million bu, about the same as last week compared with 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 82,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 2.3 million bu.

Flour demand is rather slow although some improvement in the Northwest. Wheat derived some influence from higher prices of beans and corn and there was no pressure. On the other hand, no particular incentive for making purchases except that it is figured in some quarters that from this time forward the impoundings may be almost as great as last year making allowance for a somewhat smaller crop. Trade was again dull.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 9, 1950

The 1950 price-support program for corn was recently announced and there were no surprises, particularly as the government had little latitude except to base the loan on 90% of parity, but still there are a number of technicalities which might prove confusing; so we are going to dwell a little on this in order to bring out some of the high points. Last year acreage allotments were not in effect for corn, and a support rate averaging 90% of the parity price was mandatory for all producing areas. At that time the national average support rate was $1.40 a bu. This year, however, with acreage allotments in effect in the commercial but not in the non-commercial areas, a support of 90% of parity was available only to farmers in the so-called commercial area. This rate averaged $1.47 a bu, or 7¢ higher than last year when all states were covered. Now with the non-commercial areas not covered the law limits support to only 75% of the 90% of parity level. However, the latter are not too important as the majority of the crop is raised in the commercial area; yet we call attention of our readers to this change because of the difference with respect to other years. Under the 1950 program both loans and purchase agreements will be available to farmers from time of harvest through May 31, 1951, and such loans will mature on July 31, 1951. Corn price-support rates range from $1.36 to $1.64 a bu in the commercial corn counties, and from $1.02 to $1.30 a bu in the non-commercial corn counties. We figure, roughly, a Chicago loan price of about $1.62 a bu on grain arriving here by rail, with a somewhat lower rate for barge arrivals for those who would like to see the price computed on a Chicago basis. However, as we pointed out the actual support prices are named individually for each county.

Before our market opened this morning traders were mindful that over the week-end weather had been extremely wet, and rains apparently occurred in most sections of the corn and bean belts. This had very little influence on the corn market but gave us a higher opening in beans owing to the fact that combining had been further delayed. Weather, however, is turning better now and clearing conditions are setting in with somewhat higher temperatures so that within the next three or four days field work may be resumed again. Under these conditions the market sagged a little after early short-covering, and later on there was a bearish cotton report, which may also have had some effect, although a cotton crop of 9.8 million bales is still very short compared with other years except that trade had been prepared for a lower yield.

It is to be hoped that some day if parity continues to be the basis for loans, some scientific research will be done to take into account technological improvement in various agricultural fields. For example, when considering egg production the greatest evidence of the effect of improved methods is a 35% increase in the rate of lay per hen during the past twenty years. Better feeding, more proper sanitation, and other practices accounted for this change. In other fields there has likewise been a tremendous improvement through hybrid seeds, better fertilizer, and rust-resistant varieties, while during the past decade there has been a great increase in the baling of hay. For example, in 1948, farmers baled about 47% of all hay harvested compared with 27% in 1944 and only 15% in 1939. Along with this tremendous increase in baling, there has been a marked decline in the tonnage fed or sold as loose, long hay. Despite all advances in scientific research, we still make parity comparisons with the relatively primitive methods in effect during the base period of so-called economic equilibrium.

When the visible supply of wheat was posted, there was an increase of nearly 1/2 million bu. This was in contrast to a 2.3 million bu decrease last year, that being the first decrease of the season. Total stocks now of 227 million bu are practically the same as last year. Corn decreased 985,000 bu leaving 37.3 million bu in the visible which is 26.2 million bu more than last year. Oats was almost a standoff. We have 18.8 million bu in all positions compared with 23.5 million bu last year. Chicago wheat stocks increased slightly to 12 1/2 million bu. Corn decreased 624,000 bu to 10.6 million bu. A small decline in oats reduced the Chicago stock to 2.6 million. Rye stocks are about the same at nearly 5 million bu. The bean stock, while showing a slight increase, is down to 841,000 bu.

Trade was extremely light. There was no particular feature. Fluctuations in wheat were meaningless but there was hardly any business either here or in outside markets. Corn and beans were firm, probably due to the weather and country offerings continued light.

When markets are in a rut as they are at present, it is rather difficult to give much advice. Apparently the carrying charges are a handicap to bullish operations.

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CHICAGO, 4 Oct. 10, 1950.

Regardless of what events in Korea may finally do to our supply situation, we must admit that thus far added demand has not changed the picture materially except possibly for a little hoarding that took place at thestart. We still have about the same stock of farm products and after the close of the market today the government will issue its October report, which probably will not show any vast changes from September, although possibly a slight reduction the prospective corn yield due to some of the frosts that came earlier than usual. In any case supplies of food during the coming months were expected to continue at the high level of the last two years even if the armed forces take more. The chief short-run effect of the new defense program on food and other farm products is likely to be a strengthening in demand, especially for meat, milk, fruits and vegetables. Even this would result largely from an increase in consumer incomes. The government apparently feels that with the uncertainty throughout the world, there is great need for ample reserves, and for that reason acreage allocations in wheat have already been increased over what had been initially planned. It is apparent, however, that the farmers respond quickly, and even a partial mobilization situation has shown that the capacity of our farm output is fully adequate to produce whatever is needed unless we should develop serious labor and material shortages. The rise in prices of farm products has encouraged farmers to maintain production. With improved practices and given moderately favorable weather there should be no difficulty in maintaining ample reserve stocks for many years to come. Chances are that even though old corn is largely held under government domination we shall probably have the largest reserve stock in the history of our country.

Since the outbreak of World War II, farmers have tripled the number of tractors they used and more than doubled the number of trucks. Substitution for animal power has released many acres for the production of food for human use that had previously been devoted to feed crops. Also, the number of other modern machines has increased tremendously. As the Department of Agriculture points out, crop production per acre has increased 30% above prewar. The number of animal units of breeding livestock is 14% greater, while output per breeding unit is up 20%. More lime and fertilizer, better conservation practices, improved varieties of plants and animals, more effective control of insects and disease, better feeding methods are being adopted quite generally by farmers of this country, while somenew farm land is being developed through irrigation, drainage, and clearing.

When our market opened this morning it was naturally influenced by improved weather, and for the next thirty-six hours conditions appear to be favorable over the corn and bean belts with clear skies and moderate temperatures. The five-day forecast is not quite so favorable, and it assumes that some of the unsettled conditions in the Dakotas and Northwest may work into the lower central regions, and bring 1/4 inch rain, although it has been our experience that the five-day outlook is never too accurate. Therefore, we are still hopeful that some combining of the beans may be accomplished before adverse weather sets in again.

Broomhall's Foreign Crop Summary is rather favorable for most sections of the European Continent. Weather in France, however, is cold, but soil conditions are excellent for fall grains. There is a rumor that flour extraction will be lowered. Subsoil moisture in Germany is abundant but potato yields are lower than earlier expected owing to the excessively wet weather that prevailed earlier. In Italy seeding of wheat is continuing under favorable conditions, while in the Danube Basin late rains have permitted farmers to start plowing and seeding.

Trade was quiet today as it frequently is prior to the government report. Prices soon sagged after the opening as weather in the grain belt was generally clear promising resumption of harvesting operations. Friends in the Northwest advise us that there is probably 10 million bu wheat still to be threshed in Montana and, as a rough estimate, maybe 20 or 30 million bu in North Dakota and Northwestern Minnesota. This wheat has been in the fields so long that it is likely to show considerable damage and some hurt by frost. Some wheat in Central Alberta is covered by a foot of snow.

The recent run of flour business has subsided and business is now reported as draggy with sales averaging less than 50% of mill capacity.

Primary receipts were 2 1/4 million bu compared with 1,400,000 bu a year ago. Minneapolis and Kans. City stocks so far this weekincreased 60,000 bu.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 11, 1950.

After the close of the market yesterday the government issued the October report on crop production, and there were no great surprises anywhere. A bean yield of 275 million bu had been expected, and current estimates were slightly higher than a month ago for oats, barley, flaxseed, and hay, but showed a slight reduction for spring wheat, while the corn crop was cut about 45 million bu, due largely to damaging frosts that came a little earlier than usual. Fortunately, the bulkof the corn acreage appears to have escaped much of the threat of soft corn, although it is claimed that quality of the crop in some important areas still depends upon satisfactory maturing and curing weather during October. Production of corn for grain this year is estimated at 2, 785 million bu compared with 3, 109 million bu last year. The proportion of this year's crop to be utilized for grain is lower than the past two years due to earlier than usual frosts in some of the northern areas. However, much of the damaged corn is being salvaged for silage and forage. There was some other interesting data given. Farm stocks of old corn on October 1st amounted to 485 million bu, which was 31% less than last year's record stock of 708 million bu. However, the present supply is 44% above average. These October 1st stocks have been exceeded only three times in history, even though farm disappearance during the past twelve months was larger than any previous year, but the total supply at the beginning of the season was also at a record high.

The influence of the report on markets was almost nil but apparently weather for the next thirty-six hours will be favorable, and thus there was no inspiration to buy when our market opened this morning. There are, of course, certain inflationary factors referred to from time to time. The propelling force is the sharp increase in federal expenditures, which augments the money supply at a more rapid rate than goods canbe produced. The government could,of course compensate this to some extent by cutting non-defense expenditures to the bone. Still we find that these items are running at a current rate of $29 billion a year, or more than four times as much as for the fiscal year beginning July 1, 1940. Despite vast sums that are being used for agriculture and the support program, we find that among the important individual products there are only about eight which are presently above parity. This includes veal calves, 42%; beef cattle 40%; lambs, 32%; cotton, 29%; wool, 19%; cottonseed, 16%, flue-cured tobacco, 9%; and hogs, 8%. Prices of most other farm products are below 90% of parity, probably the outstanding commodity being citrus fruits, and in this category we find that oranges are selling at only 34% of parity. This all shows that within certain limitations supply and demand factors are still paramount. It also shows the difficulty of maintaining any commodity above its merit even with the tremendous exports that are still being fostered to ECA countries.

Primary receipts of wheat amounted to 1, 256, 000 bu; this compared with a little over one million bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 97, 000 bu.

Trade was again very dull; there was no feature to any of the markets, although beans and corn were rather firm in comparison with wheat. Two lots of beans were sold for export, and we understand that more was in the working stage. There was also some corn sold abroad, and we believe that this business will continue from time to time. We are about the only country having reserve stocks. It remains to be seen, however, whether some of the corn may later be supplied from government accumulations.

Milling demand showed some improvement overnight, yet there was little evidence of many hedges being taken out of the pit. Storage is still scarce in practically all parts of the country; this has been responsible for pronounced weakness in wheat premiums in parts of the Southwest.

The state reports were mostly optimistic; in Oklahoma it was claimed that about 70% of the wheat had been seeded, and early wheat was up to good stand, and some was already being pastured. In Kansas, seeding was near completion in the western two-thirds of the state, and over half the acreage had been drilled in the eastern third. Should dry weather prevail nearly all seeding should be completed within the next ten days. Apparently moisture conditions are so satisfactory that they are hardly being mentioned.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 13, 1950

Weather over the holiday was very satisfactory. The writer traveled downstate and saw farmers active in the fields combining beans. In some territories we were told that over half the beans had already been harvested. Elsewhere the work would soon be started as there were high winds that were apparently drying out the soil and the plant after the heavy rains of last Sunday. In some cases farmers will undoubtedly hold their beans, not so much for storage but in the hope of receiving higher prices later on. They have seen for two years now that lowest prices were often made during October and that gradually the market advanced. However, there are large quantities of grain being held on the farms, and it is impossible to keep everything trying to speculate on price improvement at some future date. Undoubtedly there are some producers who feel that they at least have to sell a portion of their crop, and this morning offerings from the country were heavier, with the result that hedges were placed in our market and initial quotations showed declines as compared with the previous day.

In wheat we find about the same situation as we have reported it now for several weeks. Exports are disappointing and while we are probably consuming at the rate of 725 million bu a year, it takes quite a while before we eat into our reserve. The carryover stock was large, although not quite as big as had been earlier anticipated. Nevertheless, a reserve of 417 million bu in addition to a billion-bushel crop has placed quite a load on the market for the time being at least.

During the past week, according to Broomhall, our shipments of wheat and flour were less than 3 1/2 million bu. This means that since the beginning of July total exports are about 58 million bu compared with 100 million bu last year. It is somewhat of a paradox that, despite the fact that a good deal of our grain is either being given away or sold under subsidy, we are the one country that is falling behind in shipments as compared with last year. We have pointed out on several occasions that Canada has sold within about 10 million bu of what they did a year ago, Australia has actually shipped more; the same is true of Argentina, the latter country not being a member of the International Wheat Agreement, but our shipments are astonishingly disappointing, so that the total for the year will probably show a big reduction vs. last year, and we may be lucky if we ship half as much as we did during the lush years when nearly 500 million bu was exported. If we are correct in this surmise then it also means that we are going to add to our carryover reserve at the end of the season, and next year with the large acreage planted we may have a much bigger crop, particularly of winter wheat, which has started under auspicious conditions. There is, of course, some possibility that the government will try to speed up sales between now and the first of the year, but probably greater sacrifices will have to be made to bring that about.

Primary receipts of wheat amounted to 2.3 million bu compared with a little less than 2 million bu last week and somewhat over a million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 118,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 2 1/4 million bu.

Trade was again very dull. There was no special feature in wheat except that the deferred months gained somewhat on the nearby and with the poor demand for red wheat it looks as though there would be carrying charges straight through. This also is influencing the July futures, being the new crop month. Some people agree with us that there is a good chance that the difference will narrow due to the fact that a big carryover is in sight. Prospects for the world wheat crop in 1950 indicate that production will be around 6.4 billion bu. This would be only slightly below the unusually favorable harvest of 1948 and with the exception of that year it is the largest wheat production reported since 1938. Most countries in western Europe and in the Mediterranean area report wheat crops to be as large or larger than the good outturn of 1949. Principal gains are in Spain, Italy, the U.K. and Portugal. Wheat production in Asia may be about 10% above the 1949 crop, assuming no significant change in China The wheat outturn in Africa is expected to exceed the pre-war average but may be below the large 1949 harvest. Nothing definite can be said yet about the outlook for Argentina and Australia.

There was some firmness in corn without pressure from first hands. Trade there was also light but apparently a little more old corn was being offered.

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[illegible] manufacturers [illegible] and this moreover [illegible] Which were [illegible] in our [illegible] with the [illegible]

[illegible] we find [illegible] the [illegible] exports [illegible] rate of 72 million bu a year [illegible] it was [illegible] Europe [illegible] bread [illegible] lead on the market [illegible]

During the past week, according to [illegible] our [illegible] were less than 3 1/2 million bu. This [illegible] the [illegible] Exports are about 58 million [illegible] 10 million [illegible] of a [illegible] despite the fact that [illegible] away or sold and [illegible] is compared with [illegible] has sold within about 10 [illegible] that they did [illegible] actually shipped more [illegible] members of the International Wheat Agreement [illegible] ships [illegible] disappointing, so that the total for the year will [illegible] of year, and we may be lucky if we [illegible] nearly 300 million [illegible] It also means that we are going [illegible] season, and next year [illegible] particularly of winter wheat [illegible] is, of course, some possibility [illegible] government will [illegible] in [illegible] and the first of the [illegible]

[illegible] than 2 million bu last week [illegible] Minneapolis stocks [illegible] the visible supply is [illegible]

Trade was again very dull. There [illegible] no special feature [illegible] the [illegible] months [illegible] it looks as though there [illegible] is influencing the [illegible] that there is a good [illegible] in sight. [illegible] will be [illegible] million bu. This would [illegible] with the [illegible] carried since [illegible] Most countries [illegible] 1950 [illegible] assuming [illegible] larger than [illegible] Nothing definite [illegible]

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CHICAGO, 4 October 16, 1950

Frederic Bastiat, a French economist, statesman, and author, died just one hundred years ago. He wrote during the period when France was rapidly turning to Socialism. It is seldom that a man's work is read as enthusiastically one hundred years later as at the time of writing, but so many of his countrymen chose to ignore his logic; yet his philosophy lived on. To quote just a small portion we give the following: "The solution to the problems of human relationships is to be found in liberty. And does not experience prove this? Look at the entire world. Which countries contain the most peaceful, the most moral, and the happiest people? Those people are found in the countries where the law least interferes with private affairs; where government is least felt; where the individual has the greatest scope, and free opinion the greatest influence; where administrative powers are fewest and simplest; where taxes are lightest and most nearly equal, and popular discontent the least excited and the least justifiable; where individuals and groups most actively assume their responsibilities, and, consequently, where the morals of admittedly imperfect human beings are constantly improving; where trade, assemblies, and associations are the least restricted; where labor, capital, and populations suffer the fewest forced displacements; where mankind most nearly follows its own natural inclinations; where the inventions of men are most nearly in harmony with the laws of God."

When our market opened this morning wheat was extremely weak. With the exception of soybeans the fine weather over the week-end was reflected in lower prices and probably beans would have been lower except for the fact that there was some business for export through Commodity Credit, at least this information which we had leads us to believe that there might be some further business in that direction. The bean harvest will be practically completed by end of the week if weather holds out although some showers are indicated for northern Illinois by tomorrow afternoon. The moisture of beans is running largely from 11 to 14%, and at Lincoln, Illinois, work has been pretty well finished except for a few late fields which will require some more time.

Canadian wheat exports during the past week were somewhat over 5 million bu and they are rapidly catching up with the amount of clearances the previous year, and are only about 5 million bu from that total. Thus it can be seen that we are about the only country that has really fallen far behind and this together with the weakness in the red wheat situation is causing much of the bearish feeling in our market.

The British government recently appointed a Committee to study bulk buying of grains and other similar matters. After completing their study it was recommended that the government abandon its buying program and re-establish the open futures market. The first step has been taken and Britain announced that merchants would now be permitted to import England's needs of grain and soft woods from merchants in the surplus producing countries. According to the Searle Grain Company, Ltd., of Winnipeg, from whom we get this information, one more delusion: namely, that governments can buy and sell to better advantage than can thousands of highly experienced merchants is gradually being abandoned, which they say reminds them of the sage comment made by one of the great Chinese thinkers: "It is not easy for officials to undertake commercial functions along with political duties."

When the visible supply of wheat was posted, there was an increase of 880,000 bu. Total stocks in all positions are 228 1/4 million bu compared with 224 1/2 million bu last year. Corn showed a small decrease, all stocks declining to 37 1/4 million bu compared with only 12 1/2 million bu last year. Oat stocks decreased 80,000 bu to 18 3/4 million bu compared with nearly 24 million bu last year. Here at Chicago, wheat stocks showed a small increase to a total of 12.7 million bu. Corn decreased 579,000 bu to 10 million. Oats decreased 125,000 bu to 2 1/2 million bu. Rye was about unchanged with 5 million bu here. Beans increased 685,000 bu to 1 1/2 million.

Trade was somewhat better at times. Flour sales over the week-end were poor and the demand for red wheat does not show any improvement. Corn was firm at the start but finally paid some attention to lower wheat prices. Recent weather has been very satisfactory and while there will be some soft corn particularly in northern districts, maturity is being reached, and before long the moisture content may be reduced to a point where corn will be more safe for cribbing. The country offerings are still small. Beans were strong on the possibility that a large percentage might go into storage. Also, the processor interest was enlarged and there was considerable buying. However, the crop is so big that we do not feel that there is any haste in making investment purchases.

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CHICAGO, 4 October 17, 1950.

When Canada decided to permit the Dominion dollar to find its own level, a good many people were of the opinion that their currency would go to a parity with ours. Likewise, there were those who had figured that if this were the case Canadian grains would probably decline sufficiently in price so that imports to the U.S. would continue as they did before. Both of these forecasts were partly true. There has been a partial adjustment through revaluation and also wherever there is an American demand for Canadian goods, as for example, news print, wood pulp, aluminum, nickel, copper, and zinc, the demand is still insatiable. Farm and food prices have dropped to some extent but hardly enough really to be an economic factor. Lumbermen will probably have to take a more drastic price cut than their U.S. competitors, and there may be a number of other articles similarly affected. However, we believe that before the season is over we shall probably take quite a little Canadian rye, a lso some oats, and possibly barley from that country, regardless of monetary changes, and during the pasttwenty-five or thirty years, the writer recalls at least a dozen times when Canadian currency at some time sold at a discount under the American dollar, but finally came back again due to the fact that resources in that country are so great that it is impossible to keep their dollar permanently at a lower level. This is particularly so since even during the last war Canada did not have nearly the financial strain that was encountered here. In 1944, the U. S. Treasury pursuaded forty other nations to set up the international Monetary Fund as the basis of stable money values. It is not very often that revaluation takes place, although we had the reverse experience lately, particularly in so many of the South American countries when they cheapened their money in o rder to encourage exports. Canadian business this year, even before the impetus of war orders from the U.S. was well a head of last year.

Before our market opened weather reports were entirely satisfactory, and possibly Nature is averaging out for some of the cooler temperatures which prevailed during August. The five-day forecast is for somewhat above normal temperatures for this season of the year, with very little precipitation, and, of course, that augurs well for the finishing up of the corn crop, also for combining of beans. One commission house after surveying its Iowa offices thought that the soybean crop in that state would pretty well be harvested this week. The same must be true for Illinois in the major producing areas, but yet pressure from the country is not heavy. No doubt farmers are leaning on their experience during the past two years when lowest prices were made at the beginning of the season, and later sharp advances took place when we ate into our reserves, and gradually ground at the rate of about 17 million bu a month, thus leaving us with a very moderate carryover at the end of the season.

It is generally assumed that due to the sharp price decline more wheat will go into the loan than heretofore. It is difficult to get any decisive views on the subject, and naturally we are at a great disadvantage with the government only having made one report so far as to the amount of wheat impounded. In former years they reported as often as bi-monthly, so that the trade could come to sounder conclusions as to the future. It is particularly true this season because of the very small amount that was tied up during July and August, and the only reason actually for higher price levels would be either agreat expansion in the export field, which is not too likely, or else the artificial factors due to large quantities of wheat being taken out of commercial stocks.

The Foreign Crop Summary by Broomhall was favorable, calling attention to thesatisfactory progress of plowing and seeding of winter grains over most of Continental Western Europe likewise getting off to a good start. This authority believes that a moderate upward revision in the official estimate of the French crop may become necessary. In Italy recent rains have enabled progress of field work and acreage is expected to equal that of last year.

Primary receipts of wheat were 2,305,000 bu compared with 2,276,000 bu last week and about 1 1/2 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 50,000 bu.

Fluctuations in wheat were narrow and there was no incentive with flour business still slow and #2 red wheat in this market selling about 9¢ under December. Soybeans were strong and offerings generally light. However, the Ohio beans are just starting to move after some delay because of weather. They are quoted 21 to 22 under and at that price might come back to Chicago as they are within a few cents of the present spot market. If a person feels bullish on beans, we believe that

soybean oil, particularly the distant months, at a discount. provide sound basis

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CHICAGO, 4 Oct. 18, 1950.

Temperatures in Chicago yesterday were the highest of any October 17th of record, and apparently the same relative conditions exist over most parts of the country, particularly over the corn and bean belts, where beans are rapidly being gathered, and by end of the week most people believe that the harvest will be about completed. Weather is likewise beneficial for corn and about the only complaints we might get a little later on would come from the wheat territories because of insufficient moisture, although subsoil had been largely replenished because of heavy rains that occurred earlier.

When our market opened this morning beans were influenced by small movement fromthe country, and indifference on part of farmers to sell. The loan rate averages about $2.06 a bu on the farm, and inasmuch as the market has not been attractive a good percentage of the beans are either being held or may later go into the loan unless there is some improvement in price. There were a few more soybeans offered from downstate, but apparently it took a higher price to bring out supplies. Here in Chicago contract stocks of wheat are holding rather steady. There is over 5 million bu available for delivery; assuming that most of the contract stocks are free, undoubtedly of the 12 1/2 million bu total supply more could be put into deliverable positions if necessary. It is thought that some of the elevators will now make tenders on December contract in order to make room for corn, although it remains to be seen whether or not there will be a holding tendency in corn, as there has been in beans unless there is a higher price level later on.

We are not getting much information about the development of Southern Hemisphere crops, although acreage in the Argentine will probably be 3 million more than last season, but still below the sowings of the prewar era. That country is making more of an effort to export its grain, and has given up all the fancy ideas it had with respect to obtaining an exorbitant price during the war. In the past they always tried to reduce their reserve stocks at the end of the season to a minimum, and possibly they will revert now to the same methods. Australian wheat exports for the past two weeks amounted to 7 million bu, including flour. This brings the total since January 1st to 90 million bu and compares with 96 million bu a year ago. There now remains export and carryover 64 million bu compared with 50 million a year ago and 53 million bu two years ago. Broomhall believes that a considerable quantity of old wheat will be carried into the next season.

Thus, there are no scarcities although some thought is being directed toward the possibility of having to feed Korea once hostilities end in that country. We will undoubtedly rehabilitate that nation, but how much food will be needed cannot yet be determined. It is rather difficult to convert a country from rice to wheat over a short period of time, and according to earlier reports a good deal of the rice in Korea had been harvested before the Army took over. The summer grain harvest and the transplanting of the rice crop had been finished before the severe hostilities got under way. The major part of agricultural productivity is in South Korea, which produces rice and other grains, and is relatively rich in foodstuffs but relatively poor in minerals and industry. Therefore, it may be necessary to send fertilizers to that country rather than large shipments of foodstuffs.

Primary receipts of wheat today totaled 1,243,000 bu vs 1,256,000 bu a week ago, and 485,000 comparable day last year. Kansas City and Minneapolis stocks of wheat show anet increase for the week of 18,000 bu.

The Northwestern Miller advises that slowest flour sales of the current crop year were reported this week, that the interest of domestic buyers was not stimulated by wheat price declines, and that export trade remained dull. On the other hand, the Southwestern Miller reports today that flour business has improved and that mills are hopeful that the volume will pick up materially from the present level. At the moment wheat is suffering from lack of demand both domestic and export, and with cash wheat in both Chicago and Kansas City selling at discounts under the December futures it is not conducive to new buying.

Beans held the center of the stage today with advances the full permissible limit on all months. Apparently processors have made advanced sales of their product, and with the new bean movement rather slow, have covered their requirements by futures transactions in the pit. Of course, conversely, when the actual cash beans are purchased the futures will be sold.

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CHICAGO, 4

October 19, 1950

The weekly crop reports from the winter wheat areas unanimously point out he progress in seeding of the new crop. Kansas reports that seeding is completed n the western part of the State and nearing completion in the eastern third. Oklahoma reports that the wheat crop is in. Wheat is up to a good stand but the recent warm, dry weather has dried topsoil moisture throughout the Southwest, and a good rain would now be quite beneficial. In the spring wheat areas we hear from a friend of ours, on whose judgment we have great reliance, that with good weather last week harvesting was again under way, and while the days are now short farmers are working just as long as they can each day. It will probably take quite a few days to finish harvesting the durum in northwestern North Dakota, but progress is being made. He urther reports that grain did not suffer too much from the two or three weeks of wet weather. There has been come loss in test weight. However, it will make delivery wheat. He calls attention to the fact that there is a little export business going on each day in spring wheat, and this will no doubt continue until close of navigation. However, exporters require 60-lb wheat; therefore, some of the lower grades will be on tap for delivery rather than for export. The same party still igures that the crop will come pretty close to 275 million bu.

From statistics it is very evident that wheat import requirements of the U.K. have been diminishing. Sanford Evans gives total imports for the 1949-50 crop as approximately 166 million, which compares with almost 213 million the previous year and 192 million the season 1947-48. It is also quite significant that England's imports for August of this year were approximately 9,700,000 bu as against 17 million bu for the same month of last year. Western Germany has completed arrangements with Pakistan for importation of 250,000 tons and with Australia or 100,000 tons wheat, and 27,000 tons flour. They are negotiating with France for he purchase of about 150,000 tons of their wheat, and under the terms of the Commercial treaty with Western Germany, signed on July 31st of this year, it is expected that Argentina will ship the equivalent of 25,000,000 U.S. dollars worth of wheat into Western Germany. In addition, of course, there is talk of Russia having 00 million bu or more of all grains for export, but so far we do not know of any negotiations completed for same. The above is mentioned to point out the possible imitations of exports to Western Germany from the U.S.

According to our Bureau of Agricultural Economics there were 21% more cattle on feed in Iowa, Illinois, and Nebraska, as of October 1st than a year earlier. This increase is due to the high level of feeding during the past season and also to a relatively longer feeding period for cattle than occurred in the preceding year. However, the number placed on feed during the past three months shows a decline of about 150,000 head from the similar period of last year. The Chicago corn-hog ratio for the week ending October 14th was 12.7 compared with 12.6 last week and 4.5 a year ago.

Warm, dry weather of the past ten days has had a tremendous influence on he curing of corn. Our Springfield, Illinois office advises that of two places that ested corn yesterday one showed 18.5 moisture and the other 20%; Lincoln reports moisture running around 21%, Jacksonville around 22 to 23%, and Bloomington 20 o 27%. Naturally if there should be rains between now and actual harvest some moisture can again be picked up, but the University of Illinois Agriculture Department states that if corn gets down to 21% moisture it is safe for ordinary crib storage for a year; however, if it runs 16 to 21% it is unsafe for storage as shelled corn on the farm unless it is dried.

Primary receipts of wheat today totaled 1,997,000 bu vs 1,047,000 bu last year; there were no figures for a week ago as it was a holiday. So far this week stocks in Minneapolis and Kansas City show a decrease of 73,000 bu.

There was more evidence of flour business; in fact, we understand bookings were rather heavy, and bakers apparently are taking hold in a more substantial manner. Also there was evidence on the part of an elevator house in the wheat pit of buying of December wheat in Chicago against sales in Kansas City. Beans had rather erratic swings during the session; it was reported that $2,292,000 has been allocated to Formosa for the purchase of beans, and it was also reported that 0,000 tons was sold to Denmark, completing their allocation. However, final quotations were lower than yesterday.

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CHICAGO, 4 Oct. 20, 1950.

The USDA is trying to get farmers to take a more realistic view in 1951 of the potato crop, and is now recommending that producers cut their acreage 15% from this year. This would indicate a production goal of 335 million bu compared with the indicated yield for 1950 of 420 million bu. There are no price supports /scheduled for next year, which have cost the government over $500 million since early in World War II. Speaking in general, Secretary Brannan believes that next spring will tell the story whether controls are needed to halt food price inflation. He points out that when the Korean situation started meat prices were already rising seasonally at a time when slaughter was at low levels. Some consumers started to hoard food and some retailers boosted their inventories, which tended to accentuate the price advance, which is very often witnessed during that period of the year. He further points out that farm prices on food commodities with the exception of some meats are still below legal ceiling levels, that is below parity prices during the 30-day period ending June 24th. That is why he sees no reason to establish ceilings at the present time. The United Nations Food and Agricultural Organization in a survey on food conditions states that grain production outlook for the 1950-51 crop-year is somewhat larger than last year in the Northern Hemisphere, and that exportable supplies will be at least as much as existed in the crop-year, 1949-50. Until recently lower imports were expected this season, although the increasing of dollars available may modify the outlook; also, the fact that wheat may be used in certain areas in place of rice. Fats and oils world production and consumption seemed likely to increase further in 1950 with the increase largely occurring in regions where supplies were shortest relative to prewar, and there is a possibility that some of the soft currency areas may be able to finance larger purchases of fats from dollar regions than previously seemed likely.

The Official Canadian report now places the wheat crop for all of Canada at 465 million bu and 430 million for the Prairie Provinces. This is a reduction of 25 million bu from the last report, and the Prairie Provinces outturn will be compared with 336 million actually harvested last year. Canadian wheat and flour exports for the week ending October 20th were approximately 3,700,000 bu, bringing the total since August 1st, the beginning of their crop year, to 42 1/2 million bu vs 47 3/4 million, the comparable period of last year. Exports from the U.S. for theweek were 3,187,000 bu, bringing the total to 61 million since July 1st, which is compared with 105 million last year. On the world crop basis since August 1st, all countries have put afloat 135 million bu against 164 million a year ago. The decrease, as can be seen from the above, has come largely at the expense of business from this country. New flour business seemed to be rather lighter today, although in export circles understand that a parcel of hard wheat was worked to Holland, and that Mexico may enter the market within a short time for a million bu. There is also some talk, without confirmation, that the United States will supply Yugoslavia with 5 cargoes corn, 50 million lbs edible beans, and 50 million lbs lard.

From what we hear from our Northwest there is a fair demand for 60-lb wheat for export, as apparently Britain needs high-test to mix with low-grade Canadian wheat. Undoubtedly there will be a fair percentage of feed wheat in the Northwest states due to earlier frosts.

Primary receipts of wheat today totaled 1,818,000 bu vs 2,299,000 bu a week ago and 1,110,000 bu the comparable day of last year. Kansas City and Minneapolis wheat stocks show a net decrease so far this week of 60,000 bu, and when the visible is psted on Monday it will compare with adecrease last year of 5,974,000 bu.

There was no particular news of influence in our markets today, although short-covering in all pits was quite in evidence. We have mentioned in the forepart of the letter that flour sales had been lighter. but the Southwestern Miller reports that they are going along at a consistent rate, and included a few round-lot orders from independent bakers. Prices are apparently in a range that trade considers attractive, and bakers are keeping their requirements covered for at least 120 days ahead. Offerings of beans by the country are approximately at the same pace as the last few days, and processors are maintaining nearly the same basis even though futures prices have advanced so far this week

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CHICAGO, 4 October 23, 1950

Active resistance in North Korea is diminishing to such an extent that we doubt whether the struggle will be prolonged much further. While nobody can be sure what type of disturbance may break out in other parts of the world, at least the expectation of a major war at an early date has now subsided. In July, it was Russia, in August the Red Chinese were supposed to be ready for a fight at any moment. Presently the thought prevails that while no great conflict is to be anticipated for the near future, minor ones may still pop up at almost any moment; at least in the Asiatic orbit. The war news has not had too much influence on grain prices except for the possibility that rehabilitation might become necessary in Korea after the victory. To what extent food supplies may be needed is anybody's guess, but apparently some of the recent buying has been based on the possibility of expanded demand from either Korea or possibly from Yugoslavia later on.

When our market opened this morning there was very little to influence traders in their views. A little more short-covering may have taken place in beans owing to the fact that overnight offerings were rather light, premiums were firm, and there is definitely a holding tendency on part of producers with the result that during the past week prices had advanced nearly 20¢ a bu for futures. This is certainly a paradox when it is considered that we raised the largest crop on record, and that there was practically no pressure from first hands. Corn and wheat likewise were firm but apparently markets have become somewhat more two-sided, and in wheat particularly it remains to be seen whether total shipments for the year will be increased much because of the added demand for export. It is quite apparent there has been a definite change in Argentine policies with respect to shipments. During the past week they cleared 1,375,000 bu wheat and flour, bringing the total for the season to 90 1/2 million bu compared with only 53 1/4 million a year ago. That country is apt to have another successful season if the crop comes through on an acreage about 3 million larger than last season. Recent rains have been satisfactory, although temperatures have dropped considerably but no material damage has been claimed thus far.

Our fiscal policies indicate ever greater spending. The Council of State Chambers of Commerce states: Total authority in 1948 was $35.3 billion, the following year it had risen to $38.6 billion, while for the current year $42.2 billion is being spent, and the projected outlay for the 1951 fiscal year is $54.4 billion. Of course, many would claim that the war effort has made it necessary to continue the spending program on such a gigantic scale. Nevertheless, we find that the non-war-connected items were $6.9 billion in 1948, and then rose to $7.6 billion in 1949, later to $8.3 billion in 1950, while estimates for 1951 are $9.2 billion. Foreign aid, which was only $2.3 billion in 1948, increased to $7.2 billion in 1949, was $5.7 billion this year, and is expected to be $7.8 billion next year.

When the visible supply of wheat was posted, there was an increase of 542,000 bu, bringing the total to 228 3/4 million bu, or about 10 1/4 million bu more than we had on hand last year. The corn visible decreased 759,000 bu to 36.4 million bu compared with 16.4 million last year. Oats showed a small decrease, leaving 18.6 million bu in the visible compared with 23.2 a year ago. Chicago wheat stocks decreased slightly to 12.6 million bu. Corn had a heavy shrinkage of 1 1/4 million bu, leaving 8.8 million bu here in this market. Oats declined slightly to 2 1/2 million bu, while rye stocks remain about the same with nearly 5 million bu in this market. There was a local increase of 1.6 million bu in beans, bringing the total back to 3,129,000 bu.

Trade was rather moderate but the market assumed a rather tired attitude and apparently shorts have covered while those who have felt bullish probably added some to their lines, all of which means that other incentives are necessary before there can be much change in either direction. Southwest receipts of wheat were quite heavy, with 300 cars in Kansas City. It is still possible to buy three hard wheat at 3 to 4¢ under a delivery basis. Congestion at gulf ports continues under a permit system. Flour demand has been extremely quiet over the week-end, and it seems that whenever any appreciable business has been put through there follows a period of relative quiet.

Corn, despite small country offerings, was influenced by weakness of the leading cereal, while beans declined following an early upturn.

UHLMANN GRAIN CO.

[illegible] 1950

Political [illegible] in North Korea is [illegible] pleased we [illegible] whether the [illegible] will be [illegible]. [illegible] what type of disturbance may break out in [illegible] outbreak of a major war at an early date has now [illegible]. In July, it was [illegible] the Red China [illegible] to be [illegible] that [illegible] orbit. The war now [illegible] too much [illegible] for the possibility that rehabilitation [illegible] become [illegible] victory. The wheat and food supplies may be needed [illegible] some of the recent buying has been based on the possibility of [illegible] from either Korea or possibly from Yugoslavia later on.

When our markets opened this morning there was very little to influence [illegible] in their views. A little [illegible] short-covering may have [illegible] to the fact that offerings were rather light, [illegible] there is definitely a holding tendency on part of producers [illegible] the past week [illegible] it is [illegible] that we raised the largest crop on record, that there was [illegible] corn and wheat [illegible] two-sided [illegible] particularly [illegible] total [illegible] for the increased [illegible] because of the [illegible] demand [illegible] has been [illegible] the past week [illegible] closed [illegible] million [illegible] compared with only [illegible] million [illegible] said to have [illegible] of the crop [illegible] acreage about 2 million [illegible] Recent rains have [illegible] temperatures have dropped considerably but no [illegible]

[illegible] indicate ever greater [illegible]. The Council of [illegible] was [illegible] billion, [illegible] billion, while for the current year [illegible] billion, and the estimated outlay for the [illegible] billion [illegible] were [illegible] billion [illegible] and then rose to [illegible] billion in [illegible] to [illegible] billion in 1950, while [illegible] for 1951 [illegible] billion [illegible] only [illegible] billion in 1948, [illegible] billion in 1949, [illegible] billion this year, and is expected to be [illegible] billion next year.

[illegible] the visible supply of [illegible] the total [illegible] million bu, [illegible] compared with [illegible] million last year [illegible] showed a small decrease [illegible] million bu in the [illegible] compared with [illegible] year ago. Chicago wheat [illegible] slightly to 1.6 million bu. [illegible] million bu, while [illegible] with nearly 5 million [illegible]. There was a [illegible] increase of 1.6 million bu in barley, bringing the [illegible]

[illegible] moderate but the market [illegible] direction. [illegible] receipts of [illegible] cars in [illegible]

It [illegible] business [illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
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EW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 24, 1950

Despite the fact that food is being shipped on a heavy scale, both to China and to Japan, we find that total quantities are much smaller, and they were the lowest last season since the war; in fact, almost 30% below the 1948-49 level. Yet the actual quantity of 15.6 million tons in the 1949-50 season was more than three and one-half times prewar exports. The largest quantity went to the Bizone areas of Germany, and most of those shipments were financed through ECA funds appropriated for relief in occupied areas. The Bizone was the largest recipient of wheat and wheat products,-- 2,100,000 tons, together with other grains and grain products amounting to 1,402,000 tons, and fats and oils 139,000 tons. There were also relatively smaller quantities of dairy products and other foods. The next largest recipient was Japan, Korea, and Ryukyu Islands, the total amounting to 2,179,000 tons. It is rather interesting to note that while total wheat and wheat products have been exported in much smaller quantities, there are some other foods which have gained in importance. Last season approximately 300 million bu wheat was shipped from this country, and these clearances were the smallest since World War II but yet were almost six times as large as during the prewar period, 1935-39. Exports accounted for 38% of the total distribution of U. S. wheat for food use in 1949-50. As a partial offset our corn exports amounted to 2,769,000 tons, which was almost 20% larger than the 1948-49 level. Shipments of fats and oils were notable for their increase, and last season 501,000 tons were cleared, this being an increase of 26% over 1948-49, and it was almost six times the prewar average. The large domestic supply of animal fats and vegetable oils made it possible for the U. S. to ship these big quantities.

When our market opened this morning, there was nothing in either weather or grain news to attract attention. We pointed out yesterday that Argentine wheat and flour shipments were nearly double the quantities exported the previous year, and this country is one that we are going to have to watch carefully, as she is not a member of the International Wheat Agreement, and is not bound by any restrictions. Generally speaking, requirements from Europe are gradually diminishing, although Broomhall believes that India this year will need 500,000 tons wheat from the Western Hemisphere, another 500,000 tons from Argentina, probably a million from Australia, together with some smaller quantities of rice. Considering that at one time India under its former boundaries was an exporter, it is significant that she now requires about 75 million bu wheat and flour in the way of imports. The Spanish wheat crop is unofficially estimated at 105.6 million bu, although informed sources believe that this estimate is too low, and the general consensus runs between 125 and 145 million bu. Home consumption is at the higher figure: namely, 145 million bu, and since there is no old wheat carried over from the last crop, it is quite likely that Spain will from time to time be in the market, but probably for relatively small quantities.

The five-day weather forecast seemed to be satisfactory. Temperatures for most sections of the country will be slightly above normal but not much precipitation. In Canada wheat harvest is gradually being completed. According to one large grain firm, wheat in Manitoba was 92% cut and 49% threshed, in Saskatchewan from 83 to 90% cut and 69 to 76% threshed, while in Alberta 90% of all the wheat had been cut and 65 to 90% threshed. In the Peace River Valley work had been largely completed.

Primary receipts of wheat were a little over 2 million bu, which compared with 2.3 million bu last week, and only 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 19,000 bu.

Markets were rather dull and there was no particular feature except that corn was weaker, but yet there was no pressure from the country. Bookings may have been slightly better for Chicago but we did not note any great amount of hedging in the market. In wheat, some support was found on dips and it was claimed that Portugal was asking for offers of 12,000 tons of hard wheat on Thursday; otherwise, business was rather quiet. Flour sales likewise were light and inquiry was limited, according to advices from The Southwestern Miller. Beans showed a better undertone following yesterday's break. Not much pressure from the country, which is quite surprising, in view of the fact that we have had a sharp advance from last week's decline. Our Kansas City office was inclined to believe that wheat receipts would drop off and farmers were gradually becoming more busy with beans and milo.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 25, 1950.

After the close of the market yesterday, the BAE issued figures on the corn carryover, showing a reserve stock of 859 million bu, which was a record for all time. However, the trade had been prepared for a larger stock of old corn, and frequently a figure of 950 million bu was mentioned. Thus, there is some disappointment and apparently consumption at home due to greater amount of feeding has been much heavier than most people had anticipated earlier. It now looks as though we were consuming at the rate of 3.3 billion bu per year, and undoubtedly there is no indication that there will be much reduction during the current season, which if correct would mean quite a substantial cut in the carryover next October; in fact, it may be reduced to 650 million bu, and possibly much of the reserve will be in government hands unless CCC disposes of some of its stocks either to the domestic trade or through export channels. This should, of course, have a stimulating effect on corn, although it may take time before we eat into our reserves, and having raised another large crop, these figures on possible disappearance may not have an immediate effect. Wheat and oat stocks were the second largest of record, but these reports were more in line with earlier official estimates. Therefore, not much attention was paid to them, although wheat prices were firmer at the start and there seemed to be some local buying and short-covering. The report showed 1,192 million bu wheat in all positions, as of October 1st, also 25.1 million bu rye, 1,257 million bu oats, and 59.4 million bu grain sorghums. Except for corn and milo the figures include the 1950 crops.

There was also some news overnight which ordinarily would have had some influence on the market, but apparently the smaller corn stock outweighed other influences. It had been reported that one of the Chicago elevator houses was bringing back a cargo of red wheat from Buffalo to Chicago for winter storage. This is a most unusual transaction because ordinarily the movement of red wheat is in the other direction for consumptive purposes. It shows that the demand for soft varieties in the East is very slow, and we also understand that this grain had been offered quite cheaply to the mills without response. One can only conclude, therefore, that carrying charges in wheat are warranted this season; probably the small impoundings to-date have put enough free wheat in commercial channels to create a different situation from other years.

It is difficult to get much authentic crop information from Russia, but Broomhall claims that an excellent cereal harvest in that country has been mentioned by the Moscow press, coinciding with reports that The Soviet Union is willing to start negotiations with European countries for the exportation of 600,000 tons wheat, 500,000 tons rye, 3 million tons corn, barley, and oats. He warns, however, that such reports should be treated with reserve. In the past two seasons Russia has been inclined to rely on Rumania for some of her cereal exports, and it is known that the whole of the Danube Basin has not had a particularly good season. Actually Yugoslavia will be furnished grain from U.S. sources within a short time. Broomhall's foreign crop summary is mostly satisfactory, and on the Continent, central and southern sections had generally clear weather last week, which aided in field work. Plans are being made to seed larger acreages for next summer's crop. France hopes to export one million tons wheat this season, and mill receipts in that country are substantial. In the Netherlands it is likely that compulsory admixture of potato flour will be abolished in December. Pakistan has temporarily prohibited further wheat exports until the extent of flood damage is determined. The same authority tells us that the Australian wheat crop is estimated at 190 million bu, which would compare with last year's yield of 216 million bu.

Flour business was a shade better, but believe most of the firmness in wheat was borrowed from the strength in other pits. Wheat stocks in Illinois and states east of here totaled 200 million bu vs 224 million bu last year and 169 million bu in 1948. It took a while for corn to gain momentum, despite further export sales, and the smaller reserve stocks. Before our bean market opened oil prices were very strong, and we are told the conversion to product is very good for nearby positions. Light country selling is the main factor, and shorts covered freely. The milo crop in Texas is turning out very well, and weather the past few weeks has been excellent. There seems to be plenty of storage space, and the market is below loan levels. Believe there will be a great effort made to seek the loan as soon as the moisture situation becomes low enough to make milo eligible.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 26, 1950.

We called attention in yesterday's letter to the heavy consumption of corn in this country and the only correction that we might have to make in our calculations would be in the event that the 1949 corn crop had been over-estimated. This, of course, we shall not know until final figures are given. As a partial offset, one must take into account that the 1950 crops of feed grains are large. However, with the growing numbers of cattle on farms and of hogs raised and with the demand very strong livestock production may increase enough during the next 12 months to utilize all of the 1950 crops which would naturally result in some reduction in the big carryover. Feed supplies are ample and the supply of concentrates for the 1950-51 feeding year is nearly as large as in the year just completed. One seldom thinks much of the by-product feeds but these are not expected to be much different from last year; for example, the supply of hay isvery large. Actually, the 1950 crop is the second largest ever cut and the total supply per roughage consuming animal is record-high. We cannot lose sight of new defense activities which probably will mean larger consumer incomes and stronger demand for next year. Thus, it is not surprising that the consumption of meat is so great. Prices of all classes of meat are likely to be higher, but whether this means any reduction in consumption is difficult to say.

When our market opened this morning, beans were somewhat lower but wheat and corn were apparently influenced by continued talk from Washington that Yugoslavia would probably be given 35 to 40 million bu of wheat, flour and corn at token prices. There may be other demands which we have not had in the past on such a heavy scale, as for example, Korea, although to-date our clearances have been considerably lower than last year. Also, the impoundings up to the present time have not had much influence on the market. Doubtless with prices considerably below loan levels more wheat will be impounded as time goes on and this could still have an influence although probably not in time to affect the carrying charge between December and May. It would require a better demand in our opinion for red wheat than now exists to bring about that condition. The military requirements for meat in the last few years have been about 500 million pounds annually, but with larger Armed Forces it is natural that a considerably greater quantity will be needed in 1951.

Broomhall said that a rumor was current that U. S. authorities had sold India approximately 100,000 tons of soft red wheat from the Atlantic, and white wheat from the Pacific. Besides this, the Canadian government is reported to have sold that country considerable quantities of low-grade Manitoba wheat. It is very likely that the red wheat will come out of the government supplies and may, therefore, not have as much influence on the market as would otherwise be the case.

We understand that the Department of Agriculture will come out with an announcement tomorrow detailing a quick test for measuring bread baking quality of wheat. Under this new method both quality and quantity of gluten can be measured and details will be available from PMA.

Primary receipts of wheat were 1,791,000 bu compared with 1,997,000 bu last week and 685,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 124,000 bu.

There was a report that mills were raising family flour 15¢ tonight. This very likely will stimulate some business, and possibly some of the December wheat purchases here and at Minneapolis may have been in anticipation of such orders. Wheat prices firmed up before mid-session, and there is not much pressure at the present time; in fact, southwest premiums have improved during the last few days, although we still feel that in Chicago there are going to be some deliveries on December contracts unless there should be further widening of the spread. Portugal, which had intended to make some purchases, will probably not be in the market until next week. However, there was some spring wheat business reported sold out of Albany to Holland, but quantity was not mentioned.

Corn was very strong, despite the fact that bookings to this market were slightly heavier. The feeding ratio continues satisfactory, and the Chicago corn-hog ratio this past week was 12.9 compared to 12.7 last week, and 12.6 last year.

Beans opened somewhat lower, apparently there was profit-taking, but the main thing is that the country is not selling to any extent. There was general firmness in the market as soon as any buying orders appeared.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Oct. 27, 1950.

There had been a little moisture overnight, largely in Illinois and northern Indiana. However, this precipitation was not very heavy. It looks as though clearing weather would set in again, with temperatures unseasonally high. We have heard no complaints but rather assume that topsoil could stand some moisture over a large section of the winter wheat belt, although subsoil conditions are still reported as very satisfactory.

The amount of wheat consumed in this country as flour does not vary a great deal from year to year even as population increases. In 1935, our per capita civilian consumption of flour was 158.7 lbs per year, while last year it had declined to 135.6 lbs. Therefore, it should not make too much difference when the flour buying takes place except that for a period it influences the number of hedges that are taken out of the pit. During the past two days there was a considerable amount of covering, which naturally caused a run-up in prices with not much in the way of offsets, although we noticed this morning that a little more wheat seemed to be for sale on hard spots than yesterday, probably many traders feeling that the advance had been rapid. It might be interesting to millers to learn that a rapid and simple sedimentation test has been developed by the Department of Agriculture to measure bread-baking quality of wheat and the test measures both quality and quantity of gluten in the cereal. The process is based upon the fact that gluten in a water suspension swells enormously and takes up water rapidly when proper concentration of lactic acid is added. In the test a small sample of flour is obtained when the wheat is ground for two minutes. This is then sifted and put into a water suspension in a graduated glass cylinder with lactic acid added. The level to which the swollen gluten settles after a given interval is measured. Apparently this is a much quicker method for determination of this important ingredient and should be hailed by all scientists as a wonderful discovery.

When our market opened this morning prices were somewhat higher, and mills were the chief buyers. Soybeans also advanced to a new high on this turn with corn influenced likewise by the surrounding strength and by small country offerings. A good many people are afraid that with corn prices below loan levels, there may be a holding tendency even when the new corn is ready to market.

The BAE believes that the per capita consumption of meat next year will be 147.9 lbs compared with 141.1 in 1950. There is a good profit in cattle feeding thisyear, estimated at $76 per head, which compares with $50 for recent years with possibly one exception.

There were quite a few inquiries for export corn and very likely this business will be a factor throughout the season. We understood through Broomhall that France has amillion tons wheat for sale but is afraid of Russian competition.

Primary receipts of wheat were 1.7 million bu, which was slightly less than last week, but compared with 937,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 219,000 bu. Whenthe visible supply of wheat is posted on Monday it will compare with a decrease last year of nearly 4 1/2 million bu.

Market were mostly firm, although at times wheat lagged. However, around mid-session it was announced that the Department of Agriculture was considering putting a floor on pork products after the declines which have taken place recently. It seems somewhat of a paradox that every time a commodity goesdown a little that somebody has to do something about it at a period when dangerous inflation is facing us, and when the value of the dollar continues to decline. However, this had quite a stimulating effect on lard and on the various oils; there was great strength in cottonseed oil which finally spread to beans. The latter market after being quiet early surged higher and advances were very sharp. Soybean oil, naturally, gained ground. We have pointed out on several occasions to those who are friendly to beans that we feel the deferred soybean oil contracts are relatively cheap --they are selling at a discount under the nearby deliveries, and the bean oil market has really been developing very well, so that trading seems to be enlarging right along.

Corn was very strong, and there was a tendency for the December to gain a little on nearby months. Our wheat exports were only 2 1/2 million bu this past week, the total since the first of July is 63 million bu compared with 115 million bu last year.

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DAILY MARKET LETTER

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CHICAGO, 4

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CHICAGO MERCANTILE EX.

October 30, 1950

Late last week the official exports of wheat, flour and macaroni were given to the trade showing that clearances for July, August and September amounted to 51.2 million bu compared with 95.0 million bu a year earlier. We believe this, as much as anything else, has been responsible for the indifferent market in wheat even at a time when corn and beans were climbing to new heights. Broomhall has analyzed the reasons for the small exports, and, being an international expert, we believe that some of his comments are noteworthy of repetition. He points out that for many months the open market price of wheat in the U.S. has been well above quotations for free wheat in other exporting countries, that is, wheat sold outside the terms of the International Wheat Agreement. The huge export trade in wheat and flour which America built up during the war and in the following four years was founded firstly on Lend-Lease, then on loans including the £ 1,000 million loan to Britain, later on ECA, and finally on the subsidies authorized by Congress to implement the International Wheat Agreement. All that now remains is (1) ECA, which becomes less effective as the date of expiry approaches, and (2) the International Wheat Agreement, which, from a quantitative point of view, could not really be effective unless prices declined to the minimum and a further 50¢ a bu subsidy were authorized to force sales at the minimum price. We believe, however, that we shall probably give certain grants in an effort to step up our program, notably shipments for Yugoslavia, and, therefore, during the next six weeks there might be an improvement in the quantity of wheat that is cleared. However, to actually sell our grain competitively is getting more difficult all the time and the loss of trade has apparently reached a point where the government is beginning to recognize this reality. In feeds, our situation is quite different. We have almost the full corn export market at our command, particularly since the Argentine crop turned out to be a failure. Exports during 1950-51 will depend to a considerable extent on European demand and the availability of feed grains from Canada. It is likely, however, that corn shipments will be larger than last year when 110 million bu was exported as grain. Moreover, the domestic disappearance during 1950-51 was over 3.3 billion bu.

The Department of Agriculture release this morning still used the larger carryover of corn rather than the actual 859 million bu reserve which just lately became official. Furthermore, the present crop is 260 million bu smaller than the big one of 1949 and is 564 million bu less than the 1948 record production. Our corn crop and carryover this season of about 4 billion bu is about 4% below the record supply in 1949 although a billion bu larger than in the immediate pre-war years. As an offset, however, the feeding requirements are much greater now than they were before the war, but, as we have pointed out in past letters, farmers will again have ample hay supplies. We have probably raised the second largest crop on record, and, furthermore, supplies are better distributed over the country this year than in either of the past two years. The quality of the 1950 crop is below average in many areas because of the fact that frequent rains had interfered with harvesting.

We are running now into our first decreases in wheat visible, the shrinkage this week amounting to 1.3 million bu, leaving total stocks in all positions 227 1/2 million bu compared with 214 million bu last year. Corn decreased a little over a million bu to 35.3 million compared with 19 1/2 million last year. The oat visible decreased 619,000 bu to 18 million compared with 22 1/2 million last year. Chicago stocks of wheat showed a fairly large shrinkage of 622,000 bu, but there is still 12 million bu in this market. Local corn stocks decreased 3/4 million bu to 8 million, oats declined 221 million bu, leaving only 2 1/4 million bu here. Rye stocks showed a small decrease, but there is still nearly 5 million bu in Chicago.

Wheat prices were never very strong. The milling demand is starting off rather disappointingly the beginning of the week. We note that the first quarter disappearance was only 238 million bu, the smallest for the July-September period since 1942. This compares with 289 million bu last year, 347 million bu in 1948, and 322 million bu in 1947. Corn was also a little reactionary, and during the next two weeks the country will probably sell some of the surplus stocks that are not being cribbed, but a good many people are friendly to the deferred months, feeling that accumulations made at this time will pay out in the end.

There was not so much trade in beans but the market was a little lower. There are apt to be some sizeable tenders on November contract, but difficult to tell exactly how much. There is 4.7 million bu beans in this market, an increase of 1 1/2 million bu during the week.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 31, 1950.

Our corn crop this year is estimated to be 3,118 million bu, and the carryover 859 million bu; so we should have a total supply of nearly 4 billion bu, about 4% below the record supply of 1949 but a billion bushels larger than in the immediate prewar years. One would think that this would be enough for all purposes. However, we cannot overlook the fact that our population is increasing at the rate of 2 to 2 1/2 million persons per year, and it may be that we are facing a rather permanent feed grain shortage, because we now have to produce about 22 bu corn per person in the United States to produce as much meat, eggs, butter, and milk as we want.

One of our friends in the corn belt, who is unusually well posted, points out that the present soybean price is a clear indication that the by-product meals are going to be so high in price throughout the season as to discourage their adequate use which, of course, everyone knows will interpret itself into less efficient feeding. It just takes more corn to put on 100 lbs pork with less than a proper proportion of protein than it takes when a proper proportion of protein is available. He concludes that every farmer will feed a little less protein than he should be feeding and would be feeding if proteins were more adequate in supply. Under these circumstances the consumption of corn might run well above the 3.4 billion bu, which is the Department of Agriculture's estimate, and would be about as much as we ever produced in a single year, with possibly one exception. For that reason we can hardly look for acreage allotments when people are well employed and eating meat.

When our market opened this morning, it was influenced by several considerations. Weather over the belt was still warm and dry, temperatures running about 12 to 14 degrees above normal, and the five-day forecast was more or less for continuation of the same thing. Tenders on November bean contracts were heavy, the early indications showing that at least 2 1/2 million bu would be available for delivery, which naturally had some influence on the nearby contract, and this in turn affected the later months also. However, there was some buying on the break, and likewise there was accumulation of corn futures on the theory that the movement would not last long, particularly with the dryness of this cereal, which would make it suitable for cribbing, and thus it is not too likely that we are going to build up burdensome stocks at terminals. Wheat was likewise higher after some hesitancy but the factors surrounding this cereal have not changed much.

It is thought in some quarters that our wheat exports may be stepped up but it is going to be difficult to increase the business much except through larger grants to ECA countries as competitive relations are not in favor of our wheat based on prices that are prevailing in other exporting countries. Domestically, there is little encouragement as flour buying recently put through covered shipments for the next 90 to 120 days, and generally after a good volume of that kind, it becomes very quiet for quite a period.

Primary receipts of wheat amounted today to 2,181,000 bu, which was slightly larger than last week and compared with 1 1/2 million bu last year.

Kansas City and Minneapolis stocks so far this week show a net decrease of 11,000 bu.

Trade may have been impressed with statements contained in the government resume on the national food situation. They spoke of general economic activity, employment, and consumer disposable income, which is expected to be higher in 1951 than in 1950. Also they thought that retail food prices next year would likely average moderately higher than in 1950. In addition to the impetus from expanded consumer demand, retail food prices will bear the brunt of prospective increases in marketing changes. This includes higher taxes, wages, and storage costs, which are expected to increase next year.

Soybeans led the other grains to a higher close, and at one time were nearly 10¢ per bu up for the day. Also CCC was asking for offers on soybeans at New Orleans, with two cargoes involved, which may have been a factor. We understood that four cargoes of corn were sold from the Gulf that figured 8 1/4 over FOB. Hedges were taken out of the pit against commercial trades, and the yellow cereal was considerably up. Wheat, of course, could not ignore the upturns in other pits. There was strength in July wheat which gained on other futures.

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[illegible] corn crop this year is estimated [illegible] [illegible] record supply [illegible] [illegible] years. [illegible] we [illegible] overshot [illegible] to 1 1/2 million [illegible] [illegible] grain [illegible] [illegible] in the United States [illegible]

One of [illegible] friends in the corn belt, who [illegible] [illegible] price [illegible] [illegible] price them about the [illegible]

[illegible] just takes [illegible] corn [illegible] [illegible] then it takes [illegible] [illegible] that every [illegible] [illegible] and would be feeding [illegible] [illegible]

[illegible]

[illegible] market opposed this [illegible] [illegible] over the [illegible] [illegible] above [illegible] [illegible] [illegible] the [illegible] [illegible] early interest [illegible] [illegible] the late [illegible] [illegible] there were [illegible] [illegible] of last [illegible] [illegible] to build up [illegible] [illegible] they not [illegible] [illegible]

[illegible] to 120 days, and [illegible] quite [illegible]

[illegible] receipts of [illegible] today [illegible] than last [illegible] [illegible] [illegible] and [illegible] [illegible]

[illegible] have been [illegible] with [illegible] on the national food situation. [illegible] [illegible] incomes [illegible] [illegible] demand [illegible] [illegible] in marketing [illegible] [illegible] [illegible] the other [illegible] [illegible] for the [illegible] [illegible] [illegible] [illegible]

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 1, 1950

Most of the statements coming from the Department of Agriculture indicate that prices next season will be higher due to improved consumer demand, including marked expansion in expenditures for national defense, which will mean higher incomes to consumers. This is figured as bringing higher livestock prices and a stronger demand for feed. Total utilization of feed concentrates is expected to be larger than in any year since the war. On the other hand they claim that farmers will again have ample supplies of feed grains, including concentrates and forages. It will mean, however, dipping somewhat into our reserves, and as we have pointed out recently it would not be at all surprising to see 3 1/2 billion bu corn, or possibly more, fed during the next twelve months.

One of the most enlightened men in the Department of Agriculture is Dr.C. C Stine. He points out that farmers in general are in excellent financial position, that bank deposits in rural areas have declined only moderately, and that the value of farm assets has declined only slightly. It is true that the total farm debt has increased but still is at a low level, and only about 10% of the value of farm assets. Farms are well equipped with machinery and livestock and are in excellent condition for a high level of production. Much of this, however, is due to the ECA program, which has helped us to maintain the foreign market for our surpluses. But at the same time, he points out that there has been considerable concern as to what might happen when ECA funds are reduced and finally terminated. Domestically he believes that the increase in personal incomes will also create a better demand for dairy products, especially for ice cream and fluid milk. It now seems likely that dairy production will not be significantly increased. Higher incomes will also tend to improve the demand for eggs and poultry meats; therefore, the higher level of purchasing power of consumers is likely to be registered at somewhat higher prices for available supplies.

Record production of soybean cake and meal is in prospect, and this is expected to about offset the prospective smaller production of cottonseed cake and meal. Total supplies of high protein feeds may be about as large as the record supply of 1949-50. Increased quantities of protein feeds have been required during the past two years to supplement heavy feeding of grains. The government late yesterday estimated the carryover of soybeans at 2.8 million bu, the smallest quantity since October 1, 1948, and this shows how necessary it was to have had high prices in order to prevent even heavier grindings. In fact, there were times when we almost had to price ourselves out of the picture to equalize distribution. Again it is a great demonstration of the importance of price in our economy.

The Santa Fe Railway report is extremely optimistic with respect to the Kansas wheat crop. Moisture conditions, they say, were never better and while there was an acreage allotment of 14.1 million acres, it looks as though farmers might plant 15 million acres with seeding operations about completed. In some sections surface moisture is needed.

Yesterday's tenders of soybeans after late revisions showed 2.7 million bu, taken mostly by an important processor, although there may have been some small re-deliveries this morning, which in turn makes it difficult to tell what the November future will do in relation to the deferred months.

Primary receipts of wheat were a little less than 1 1/2 million bu. This was somewhat greater than last week but compared with only 384,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 132,000 bu.

Trade was smaller than it had been yesterday. There were early advances in beans but with some recession in cottonseed oil prices there seems to have been profit taking. Advances have been rapid. Corn was likewise higher in the early trade and it looks as though there may be no heavy accumulations at terminal markets Furthermore, beverage distillers have agreed to supply 10 million gals. of industrial alcohol delivery during Nov. and Dec. for use in synthetic rubber production. The price will be between 80¢ and 90¢ a gal. which compares with 48 1/2¢ exclusive of shipping costs paid for French alcohol for delivery in 1951. Wheat was indifferent. There are continued statements that Yugoslavia due to scarcity of foods will require supplies from this country but up to now it has had only a temporary effect.

Broomhall's Foreign Crop Summary speaks of favorable weather for seeding on the Continent although some delays because of cold weather and snow. There is no change reported in Australian wheat conditions but the crop will probably be below last year's large outturn but yet above the pre-war level. Argentine crops are progressing satisfactorily. Corn planting is making headway and a larger acreage is

CHICAGO, 4 November 2, 1950

During the past few weeks there have been some advances in the price of wheat, but on the whole speculative enthusiasm has waned, and there were several factors responsible for the great indifference. First of all, whenever there are carrying charges there are some handicaps in taking a constructive view of the market, although we have not found that this has dampened the ardor of those who have felt bullish on beans. Nevertheless, to those traders who have to go over successively to the later months each time at a higher price, there have to be much wider fluctuations than we find in wheat in order to make it attractive. Furthermore, as one looks ahead there is no great change in sight unless artificial influences would play a greater part than they have up to now. From this date forward a year ago, impoundings of wheat increased about 100 million bu. Should that occur this season, it would mean about 200 million bu wheat taken out of the commercial supply, which together with our domestic consumption for the year of 725 million bu would total 925 million bu. It is safe to say that our exports of free wheat may be as large as 75 million bu, depending on activity of CCC, but if that were the case it would practically account for the 1,010 million bu wheat we raised this season.

All this, of course, is surrounded by hypothetical surmises, and furthermore, it will take time before we eat into our reserves. Besides that there is no assurance that the government may not become more aggressive in trying to supply the importing countries with stocks they own. If the acreage seeded to wheat equals the national allotment of 72.8 million, and we have average crops next summer, the 1951 wheat yield would be 1,150 million bu. Some people are of the opinion that acreage allotments will be exceeded, and there is already talk in Kansas of an extra million acres having been sown. Even assuming that the crop would be held to the figure just mentioned, the carryover reserve next July is expected to be about 450 million, so that the total wheat supply for 1951-52 would be 1,600 million bu. Our domestic consumption probably should not take more than 730 million, and with export business dropping off, there is a disposition to feel that, insofar as wheat is concerned, we are returning to the surplus category. The same, of course, is not true with respect to corn and beans. We had large yields for both of these cereals, but artificial stimuli are having much more influence than in the case of the leading grain. In some sections of north central Illinois corn is about 75% harvested, and every effort is being made to either hold or crib as much as possible. With that in mind there has been no pressure on our markets, and prices have advanced particularly in beans, with such great strength in cottonseed oil and in soybean oil, encouraging bullish operations.

BAE describes the fats and oils situation as rather encouraging. They expect foreign demand to strengthen. They also believe that domestic demand will be stronger with a greater increase for fats and oils that are used for industrial products than those used for food.

The Chicago corn hog-ratio this past week was 12.6 compared with 12.9 last week and 15.4 last year. We are told, however, that in the feeding sections it shows a more favorable relationship and the government has stressed this in practically all of its literature recently issued, which undoubtedly accounts for the numbers of cattle and hogs growing probably to an extent that will provide for 3 lbs. additional meat consumption per person above the 1950 level of 145. Virtually all of the increase will be pork and beef. It is not figured that production of veal, lamb, and mutton is likely to change much.

Primary receipts of wheat were 1 1/2 million bu -- a shade smaller than last week, but somewhat larger than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 341,000 bu.

Our wheat and flour exports during the past week were only 3 million bu; this brings the total since July 1st to 63.8 million bu compared with 120.0 million bu a year ago. Thus, we are only doing about half as much business. The official U. S. census places the population at 150,697,361; this is the greatest gain for a ten-year period in the Nation's history. The increase was 14 1/2% for the decade, and shows why domestic consumption has increased so during the past few years.

Secretary Brannan stated there would be larger acreage allotments and no marketing quotas in corn; the easing of Federal curbs is intended to provide enough feed for the increased production of livestock. Some officials in the department hope that our corn production can be stepped up to 3.5 billion bu next year. This tended to encourage trading in corn, and the May future went to a season's high. Since November 1st clearances have amounted to 101 million bu compared with 118 million last year.

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DAILY MARKET LETTER

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CHICAGO, 4

November 3, 1950

The Hoover Commission recommended last year that "our tax systems - Federal, state and local - be generally revised, and that every effort be made to leave to the localities and the states adequate resources from which to raise revenue to meet the duties and responsibilities of local and state governments." To date neither Congress nor the Executive Branch has done anything toward carrying out the proposals of the Conference of Governors or of the Hoover Commission.

We have had a wonderful record in this country, and as long as venture capital flowed into industry we made tremendous progress, which kept people well employed with the result that under our capitalistic system great strides had been made. During the past 60 years, total physical production in the United States has increased at an average rate of 3 per cent per year. At times such as in 1921, in the last great depression, and in 1937-38, output has deviated substantially from this long-term growth, but after each depressed period production has come back again in line with the long-term upward trend. Before we embark on new theories and artificial concepts we should concentrate on the basic principles that underlie our economic greatness. At this crucial state we cannot afford to forget our history, nor to lose our perspective.

Ten years ago - in 1940 - taxes for the support of all state and local governments in the country totalled $8.7 billions, while Federal taxes amounted to $5.7 billions (payroll taxes included). This year, 1950 state and local taxes total $16.5 billions as against a Federal tax "take" of $39 billions. If new Federal spending programs advocated by the Administration (exclusive of national defense) were to be adopted, they would eventually add many more billions annually to the present overall Federal tax burden.

When our market opened this morning beans and corn were higher, and the market gained impetus with apparently little opposition. Broomhall pointed out that this country had exported over 2 million bu milo maize mostly to India, also some to Germany. Apparently great efforts are being made to enlarge the scope of our clearances, although wheat seems to be the one cereal that is moving slowly. As we mentioned yesterday only 3 million bu left this country during the past week. Also, domestic flour sales remain slow and mills continue to report poor business. Undoubtedly, there has been no marked pick-up even since events in Korea took a turn for the worse.

According to the Southwestern Miller total bookings are barely a third of capacity and comprise mostly small-lot replacements, all of which is natural inview of the heavy business recently accomplished when forward commitments were taken care of on a big scale.

We understand that Austria received ECA funds today with which to purchase $1 1/2 million worth of raw soybean oil and $420,000 of hydrogenated soybean oil. Both these items are to be shipped between now and April 30th. Oil markets were again strong and meal was likewise higher, all of which gave encouragement to those who were playing the constructive side of the market.

Primary receipts of wheat were a little less than 1 1/2 million bu compared with 1.7 million bu lastweek, and 948,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 519,000 bu. When the visible supply is posted on Monday it will compare with a decrease of nearly 4 million bu last season.

Not much attention was paid to a Canadian report indicating a total supply this season of 578 million bu. A good percentage of the crop which was frosted will have to be fed. Canada has a quota of 215 million bu under IWA, and that is their principal export outlet.

Markets were all very strong, but yielded some ground through profit-taking and very likely some of the exporters received supplies from the government, which brought hedges into the pit. If anyone takes the time to study agricultural data he will find that from 1940 to 1948 farmers' gross income rose more than threefold. This was due partly to increased farm production, but mostly because of higher prices. Yet there is no stopping of the inflation spiral through parity, and it is estimated that farmers' cash receipts from marketings during 1950 will total nearly $28 billion and should be even higher next year. The downward trend in farm income which began in 1948 was reversed in mid-1950.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 6, 1950.

There was not much grain news over the weekend but events in Korea have been going against us for some little time, and today these were sufficiently disturbing to make quite an impression on traders both in securities and in commodities. Stock market was sharply lower; at the opening quotations were late, and there was even a more marked effect on grains when our market opened half an hour later. Soybeans immediately went up the 10¢ permissible limit, with wheat, corn, and oats higher in proportion, indicating anxiety on part of a great many people, that the difficulty with respect to the Chinese Reds might bring us closer to a third World War.

However, higher prices for grain are not attributable entirely to these conditions. Any individual with a fixed income realizes only too well what has happened to savings during the past seven to ten years. Our endowed institutions are all asking for heavier contributions in order to continue the same work which was previously possible through the receipt of interest payments. Investors in government bonds are finding that while the market has been fully protected, whenever they sell, the principal on these holdings has a lesser buying power than when the money was paid in. It is difficult to explain to the rank and file of people that temporary benefits through higher agricultural prices or higher returns to labor, while extremely pleasant for the time being, may lead to a different situation upon retirement. Thrift funds that have been accumulated at an earlier period will not buy the same amount of goods as they did. In other words, inflation, like in every other country, has cheapened our dollar. If Vice President Thomas Marshall were still alive, we believe his famous slogan might be restated by changing a single word to read: "What this country needs today is a good 5¢ nickel."

In today's market, as has been the case now for several weeks, wheat lagged as other grains showed more response to inflationary and war psychology. We are not selling our wheat in sufficient volume to reduce our surplus supply even as much as had been intended during the first six months of the crop-year. The same is not true in other countries where the record has been better. For example, in the Argentine since January 1st, 91 1/2 million bu has been cleared compared with only 55 3/4 million bu a year ago. The latter country is not a member of IWA, but even Australia is doing relatively better than we are, and the higher prices tend at home, the more necessary it will be either to force heavier shipments to ECA countries or to increase the subsidy.

In beans, the outlook is more favorable. BAE assumes that 250 million bu will either be used for crushing or exported as beans during the coming season, which would compare with 210 million bu the year earlier. If we assume that 30 million bu will be sent abroad it would compare with less than 13 million bu exported in the season just ended. In that case, it would provide 220 million bu for crushing compared with 195 million bu last season. On this basis there would be slightly over 18 1/4 million bu crushed each month, which is higher than any single month during the past twelve. We averaged only 16 1/4 million bu in the last crop-year. During the past several years we have improved the quantity of oil recovered from the soybeans crushed. The average prewar was 9.14 lbs crude oil per bu, in 1947 it had risen to 9.50 lbs, in 1948, 9.82, and the season starting October 1949 it ran 9.92. It is expected that there will be a larger conversion this year. Of course, with the smaller quantity of cottonseed oil available due to the short cotton crop, this extra bean oil may prove to be a blessing.

Chicago wheat stocks showed a further decrease of 355,000 bu leaving 11.6 million bu here. Local corn stocks increased 642,000 bu to a total of 8.6 million. Oats decreased 572,000 bu. There is only a little more than 1 1/2 million bu here. A small decrease in rye was unimportant while beans increased 858,000 bu to a total of 5 1/2 million. The U.S. wheat visible decreased 719,000 bu dropping to 226.7 million bu. This is an increase of 16.6 million bu over last year. Total corn stocks decreased 1,140,000 bu to 36 1/2 million bu vs 25.3 million last year. Oat stocks decreased nearly a million bu. There is now 17 million bu in all positions against 21.4 million bu last year.

Trade was naturally nervous and erratic. After the first upturn in beans, there was some selling but apparently shorts were nervous and with oil and meal prices considerably higher shorts were on the defensive. Wheat also yielded ground after the initial advance. The March and May futures were the strongest in the early trade but later re-adjusted and the various differentials were finally about the same as they had been previously. Corn was very strong. Movement from the country is still slow and despite sharply higher prices for futures cash prices seem to be traveling up in proportion. UHLMANN GRAIN CO.

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CHICAGO, 4

November 8, 1950

The result of yesterday's election leaves the Senate without a majority leader. Further losses in Maryland, Ohio, and Utah will still probably leave the Democrats with 49 Senate seats against 47 for the Republicans. The adverse turn of events in Korea, as well as opposition to many of the administration's domestic programs and criticism of foreign policy decisions were all factors in bringing about a change. We believe, however, that many farmers were thinking of the future of their sons, communist activities, and stability of the dollar in making a final decision. As near as we can tell most of the northern farm states with the exception of Missouri went Republican, which was also quite a surprise in view of the fact that farm policies had been emphasized in the hope of stimulating votes.

It was difficult to tell just how our markets would open, as there were a good many other factors to be recognized. First of all, while we were closed yesterday the Canadian market was open, and Winnipeg quotations were considerably higher for oats and for rye, but this was entirely ignored, particularly with the stock market reacting so strongly to election news. The Korean news told of heavy air engagements as far North as the Manchurian border. On the whole the news was no worse than it had been on Monday, but it looks as though we were still confronted with a long, drawn-out combat, and for that reason the later news must be carefully watched as a factor in grain markets. There had been some rather heavy rains in downstate Illinois, which may give us some corn with heavier moisture content. The movement was somewhat larger, and more corn is rolling. Possibly the decline in today's market will also induce further selling.

Despite some flour business in the Northwest, wheat prices were sharply lower, following a 10¢ initial decline in soybeans, which were under selling pressure. The final Searle report on the Canadian Prairie Provinces estimated the wheat crop at 426 million bu, a cut of 4 million from the official report. Britain has contracted for the purchase of 800,000 tons of coarse grains from Russia to be paid for in sterling, which Russia in turn can spend freely in the sterling areas for such items as rubber and tin from Malaya or wool from Australia.

The Bureau of Agricultural Economics in projecting farmers' income believes that a 10% increase will prevail in 1951 as compared with this year. They mention the fact that domestic employment and consumer incomes are currently at record high levels, and are likely to expand further as the new military program develops. They also say that if growing conditions are average total volume of farm marketings will be larger than this year's volume, and may even equal or exceed the all-time record volume of sales in 1949. However, higher average prices are counted on even to a greater extent than an increased volume, the latter, of course, being somewhat problematic, but in any event they think that cash receipts will be considerably higher next year for both crops and livestock.

Broomhall's Foreign Crop Summary stated that weather and soil conditions over most of the European Continent were favorable for planting and germination of fall grain. In France occasional rain has benefited the soil and seeding operations are said to be active. Germany has had occasional precipitation, which has been healthy for planting, and crops are well advanced. They hope to build a reserve of bread and feed grains, and a plan is being studied, with some sort of decision expected shortly. Italy also reports favorable conditions although it is somewhat dry in Spain and rains would be welcome.

Primary receipts of wheat today amounted to 2,860,000 bu compared with 1,488,000 bu last week, and 442,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 147,000 bu.

There had been a little rain Southwest, but not enough to be of any importance. However, the Kansas Weekly Crop Report stated that condition of wheat is generally good in all but a few east-central and southeastern counties. However, topsoil moisture is short over much of the state, and a few areas now report subsoil moisture in early sown fields as having been rapidly depleted by the heavy wheat plant development.

There were a few bulges in today's market, particularly in beans, but these were met with liquidating sales, and oil markets were somewhat lower, which probably caused a little more cautious feeling all around. A broker with Northwest elevator connections continued to sell corn today, and apparently sold large amounts of December, March and May, which together with some commission house selling gave us a lower close, but this market held up reasonably well considering that the preponderance of orders were on the selling side. Milling demand, outside of an improved condition Northwest, showed little change, and was regarded as generally slow.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 9, 1950

When a market stays in a rut for some time, such as is the case with respect to wheat, traders naturally try to acquaint themselves with the conditions that bring about such great indifference. It is true that wheat prices have had a moderate advance during the period when soybeans rallied sharply, gaining nearly 60¢ a bu from the low point three weeks ago. During this period corn also had a sharp rally on the prospect of heavier feeding next year, and the likelihood of cutting our carryover reserve materially. Nevertheless, the demand for wheat both domestically and for export has been rather poor, and if we are to get anything on the constructive side of the market it looks as though it would have to come mostly from artificial factors. These have not been in evidence up to now, at least to the extent that they played such an important role in years past.

The BAE in its "Wheat Situation" points out repeatedly that between 1938 and late 1944 high prices were largely the result of the loan, and the fact that impoundings took such large quantities out of commercial channels. This year there was only about 101 million bu tied up under the loan compared with 248 million bu the corresponding period a year ago. There is always a lag between the time the wheat is actually put away and the time that the figures are tallied, but in any event the comparison up to the present time is very striking. We must look a little further ahead, however, because the forecast is now being made by Washington officials that a loan rate of $2.09 may be possible in 1951, and this would be the highest in all history. It would compare with this year's farm loan of $1.99 a bu. Other factors, of course, have to be taken into the reckoning, and next year no allowance will be made for terminal storage, but in any case if general prosperity continues we might have even a higher parity next June than at present. BAE expects the parity price to reach $2.32, which would justify a support at $2.09 on basis of 90% of parity. Because of these conditions July wheat has gained considerable ground recently and has also advanced in relation to old-crop futures, despite the fact that the outlook for next crop is extremely favorable. There are a few complaints here and there that subsoil moisture is being depleted, but on the whole heavy rains of last summer imparted considerable moisture to the ground, and possibly all that is needed now is a good, soaking rain to restore topsoil to a better status.

There is little hope, unless something unusual happens that our export outlet will be greatly expanded. Officials feel clearances during the current season will amount to somewhere between 225 and 265 million bu, including both wheat and flour. Some think that a figure of 250 million bu may prove too high unless shipments are stepped up materially during the last six months of the crop-year. For next season the forecast is for about the same quantity to be cleared, while no change in domestic usage is likely. It is now forecast at about 730 million bu. On that basis, and assuming average yields on the projected acreage, we shall probably increase our carryover reserve on July 1, 1952 to 620 million bu, which would be second only to the record of 630.7 million on July 1, 1942. Thus it is difficult even for those who feel that artificial influences will be a factor to become too encouraged on the constructive side of the market.

World production of potatoes this year is substantially higher than last, totaling 8,580 million bu compared with 8,062 million a year ago and 8,303 million, the prewar average. Important increases occurred in most of the European countries. Potatoes constitute an important part of the starch diet of Europeans. Everything in corn points to **greater price** optimism, including prospects for the next crop in Argentina, where because of labor shortages and lack of mechanical devices the acreage may not be much bigger than the year earlier. Soil conditions were exceptionally good for planting and the government also requested a sharp increase in acreage but the response of farmers was not too good. Thus we may again be the only country to which importers may look with confidence to supply this needed feed grain.

Statistics did not account for much. Kansas City and Minneapolis stocks so far this week decreased 461,000 bu.

There was activity in rye for the first time in a long while, local and commission house buying carried this cereal sharply higher. Beans were intermittently strong and weak. Corn was independently firm, and pressure from the country is not heavy. We believe it was the higher price for corn which finally firmed wheat, which at one time had been considerably lower. The milling demand is slack, and no encouragement for an immediate pick-up. Nine Chinese Communists will be permitted to come to the U.S. to discuss the Formosa issue.

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CHICAGO, 4

November 10, 1950

There is still no word from Washington as to whether the Congress will be called back prior to November 27th, the scheduled period, for discussion of all-out or partial controls, higher taxes, and other matters. There has been talk for some time about checking price inflation, while at the same time we have been almost deliberately promoting monetary inflation. During the past six months the monetary volume, which includes cash in circulation and adjusted deposits, has risen by nearly $5 billion; by the end of last September it had reached the all-time high of about $172 billion. The trouble with planned economy is that it views our economic system merely as a mechanism; a mechanism obeys the orders of engineers automatically while humans do not. Under civilized conditions, as Dr. Melchior Palyi points out, "the collective judgments of the marketplace are based on hard experience and the urge of self-protection. Official and semi-official forecasts and advices enter into those expectations merely as one element amongst many -- one to be discounted by hard experience."

Before our market opened this morning, we had figures from Broomhall giving U. S. wheat and flour exports for the week at 4.6 million bu. This was at a faster rate than during the earlier weeks. The total since July 1st is 68.4 million bu compared with 124 million bu a year ago. Should we continue to ship at about the present level, it is doubtful whether clearances for the entire twelve months would be much over 200 million bu. However, there is the possibility of the program being stepped up, although in no event can we imagine that we shall reach the average of the past five years, when our exports were 390 million bu, during which time we had one or two very large seasons, with shipments running from 450 to 500 million bu. If this would be compared with the five-year period prior to the war, it would make a very striking comparison; average wheat and flour exports at that time were only slightly over 45 million bu, but as one of the agricultural experts points out, the weak note in all this is the fact that about 60 to 70% of the exports in the past five years had been paid for with money which was taken from the U. S. Treasury to give to various countries in order that they could buy our products. It is also a question how long we shall be able to continue the Marshall Plan. Many had hoped that by 1952 it might be greatly curtailed, possibly given up entirely, especially agricultural products, as the situation in Europe has gradually been improving. Even industrial production has gained to a point at which certain products are beginning to press for markets abroad.

There was evidence five months ago that farm prices were headed for a decline, but with the explosion in Korea there has been a great change in our entire psychology. It is no longer considered dangerous to build up surpluses, rather we are hoping to have large stocks on hand to meet any possible emergency. Since the start of the world crop-year on August 1st, all exporting countries had put 167 million bu wheat and flour afloat compared with 209 million bu a year ago. It is quite evident that the urgent demand has subsided. Canada has furnished 51 1/2 million bu vs. 64 3/4 million, Australia (partly estimated) 39 million compared with 34 1/2 million; Argentina 24 million against 12 3/4 million, and Russia 3 million against 5 million. Our own shipments for that shorter period were 50 million compared with 92 million, indicating that we have sustained the heaviest loss.

Coarse grains were strong with good volume of buying in corn and oats were also up. Wheat failed to hold rallies and lacks commercial type of buying. Export sales continue slow both for the grain and flour. Domestic flour business has not picked up from the recent days' reduction in volume with current sales said to be less than half of mill capacity. Flour buyers are apparently quite well bought ahead but it is thought that moderate easing in costs might bring them back again into the market in volume.

Primary receipts of wheat were about 1 1/4 million bu, somewhat down from last week and no comparison with last year when there was a holiday. Kansas City and Minneapolis wheat stocks have decreased 1/2 million bu so far this week indicating a decrease in the visible supply which would compare with 2,715,000 bu decrease last year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 13, 1950.

After the close of the market on Friday the November Crop Production Report was issued by the Department of Agriculture, which indicated a slight loss in the corn crop from the month earlier, but not enough to be of any importance. There will be no changes in the figures for wheat until the final estimate is made in December. However, there were two other figures that attracted attention: namely, those for milo and for beans, a record crop for both cereals being indicated, and the increase in bean production of 6 million bu places the total far above the previous record. Also the milo crop of 196 million bu compares with last year's yield of 152 million bu, and the ten-year average of only 108 million bu. There was a large increase in Texas of about 8 million bu, bringing that state up to 129 million bu. Total milo crop showed great advancement in the yield per acre from the period of 1939-48: namely, about 7 bu more, which shows what can be done when weather is propitious. As a matter of fact, the outturns of the late maturing crops improved in quality and quantity during October. Conditions were virtually ideal for maturing and harvesting in most sections of the country, warm, sunny and dry weather permitted completion of the small grain harvests in the Northwest, helped to cure the corn crop, and as a result corn contains much less moisture content than it ordinarily would at this season of the year.

All this had very little market effect at today's opening, probably for the reason that in corn heavy feeding is expected, and we are almost bound to cut heavily into our reserve stock. At the same time there is a little more corn moving from the country, and this may not be the best period for investment purchases.

Formerly when price was permitted to rule according to supply and demand factors, acreages were expanded or contracted either as surpluses developed, or shortages occurred. Even now the government through a somewhat different device is compelled to take similar action. We note that the government price support of potatoes will be discontinued in 1951. The Department of Agriculture has recommended a 15% cut in acreage to give an estimated production of 335 million bu compared with the 1950 crop of 420 million bu.

There are other changes also in our over-all economy, to which we have called attention previously. Under the American system it was always normal for wages to rise and for the cost of human satisfactions to be progressively cheapened at the same time. For example, we had the highest paid automobile workers in the world and the cheapest cars. By putting more and better tools in the hands of the worker his output per hour increased as much or more than his wage. In more recent years when we had inflation wages and costs have been advanced in more or less the same proportion. While a good many people feel that they are better off owing to the fact that the pay envelope is thicker, actually they cannot save as much in view of higher living costs, social security, higher taxes, etc. as they did in former times. How well the new plan is working, we hardly know, because the effects of the new planning have not fully appeared. The great regulatory power no longer is competition, but government policy.

Chicago wheat stocks decreased 154,000 bu and there is now a total of 11 1/2 million bu here. Our local corn stocks increased 918,000 bu to a total of 9 1/2 million bu. Oats decreased 103,000 bu leaving 1 1/2 million bu in this market. The rye decrease was negligible. There is still 4.8 million bu in Chicago. Beans increased 423,000 bu to a total of nearly 6 million bu. There was a delay in getting U S visible supply figures tabulated.

Our markets all became very strong around mid-session and even wheat was subjected to heavy short covering with offerings light on the way up, but wheat bulges failed to hold. There was nothing special in beans except light country offerings and apparently a good many farmers feel that the holding tendency has paid out so well that they might continue it somewhat longer. There seems to be some corn offered and carlot receipts today were fairly substantial with also barge and truck arrivals adding to the total, but the close showed good gains for the day and apparently not many hedges are being placed.

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CHICAGO, 4 Nov. 14, 1950.

Wheat, which is ordinarily one of our most featured commodities, has been in the doldrums largely because there have been no new issues developing. Domestic consumption is continuing at a more or less constant rate, and according to official estimates should amount to about 725 million bu, including all disappearance for seed, feed, waste, etc. As far as exports are concerned, there is no great secret about the amounts that may be cleared; if we reach the total figure of 250 million bu we shall probably be fortunate, although this morning there was news, partly in confirmation of what had been heard before: namely, that 400,000 tons flour was destined for Yugoslavia to take care of emergency feeding. Half this quantity will be shipped immediately and will be furnished from supplies already built up in Germany and Italy, later to be repaid by us, and the balance to be exported by U. S. millers starting next January. Generally this would have a rather bullish implication, although it looks almost certain that the supplies would come out of government holdings, and, therefore, should not affect the free market stocks except that in the long run whatever is furnished to that country will cut into our over-all reserves, and possibly give us a proportionately smaller carryover next July. It will also give this country's flour milling industry its largest export break since Congress abolished the requirements that 12.5% of all wheat shipped under the Marshall Plan should move in the form of flour. Since that time our flour exports to Europe have slumped considerably. Had it not been for the extreme strength again in beans, it is doubtful whether wheat prices would have been up much. However, soybeans travelled into new high ground for the season, and followed the lead of cottonseed oil and soybean oil prices, which had advanced shortly before our market opened.

Broomhall's Foreign Crop Summary was mostly favorable for the European Continent, although more moisture is needed in some of the southern and southeastern areas. There have been delays in fall planting in the U.K., which may result in a reduced acreage in some areas. This, however, could easily be made up by larger plantings next spring. There have been a few complaints in France, but good progress is reported in Germany. Grains are expected to have a good start in Italy, all of which augurs quite well for next summer's yields, that being so important because of the additional requirements that may be needed for the surplus nations.

Not much is heard from Canada although early frosts in that country have taken a large toll from the millable wheat that had been raised. The Board of Grain Commissioners reports that only 12 million wheat in Western Canada will grade #1 northern. In fact, all grades from #1 to #4 varieites amount to 208 million bu, while lower grades account for 196 million bu, and durums 19 million bu. Thus it can be seen that a very substantial quantity will have to go for feed, and as far as we can tell not much of this wheat has been disposed of up to the present time. Possibly the Wheat Board is reluctant to accept a sacrifice price in order to dispose of the holdings of such wheat, which is unfit for milling usage.

Primary receipts of wheat were nearly 2 million bu. There was a holiday last week. Last year primaries were 1,316,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 161,000 bu.

Trade in various pits was quite a little lighter than heretofore. There was not a great deal of changing in wheat between various months as there had been yesterday. However, the December future widened a little its discount under the later deliveries. Corn was somewhat higher, but some people are of the opinion that the advances have been too rapid and there may have been profit-taking. The same was true in beans after new highs were established, but yet the close was strong. It looks very much as though some of the beans taken in on November delivery might be shipped out of this market although we hear also that a fair quantity of soybeans will be delivered here later today which constitutes a re-tender of beans that were taken in earlier this month. We still have 4 3/4 million bu of wheat in the contract stocks in Chicago including 3.2 million of #2 red winter wheat. This should be enough to take care of December deliveries in view of the fact that there is wheat east of here that can be obtained on a cheaper basis. On the other hand, red wheat discounts have firmed up a little. Chances are they were too low and are coming a little more into their own.

The Southwestern Miller claims that there is a fairly good inquiry for flour although actual business is light and again limited mainly to small lots.

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CHICAGO, 4

November 15, 1950

Ordinarily in this business it is a question of news making a market rather than a market making the news. However, when wheat prices had a sudden upsurge yesterday everyone was inquiring to find out what change had taken place. Up to the present time we do not find anything that may be directly attributable to the advance, except that wheat prices had been lagging so far behind those of corn and beans that probably when new buying came into the pit, it was difficult to be accommodated, as offerings were small. One large mill apparently tried to cover hedges and found that they had to make some sacrifice, and this will always be the case when speculation is restricted. There had been some swaps with the CCC taking wheat at the seaboard in exchange for grain held in Mid-West positions, including some red wheat at Baltimore and possibly this scared traders into thinking that there might be an eventual run on Chicago supplies. In trying to look ahead, we doubt whether this will be the case until the red wheat East of us is cleaned up, because our prices are still far out of line. For example, No. 2 red wheat at Baltimore is selling about 2¢ over Chicago-December FOB vessel. When we analyze this the fobbing charges are about 2 3/4¢ a bu, including all costs. The freight is about 15.3¢ a bu from Chicago to the Atlantic, and it takes about 2¢ elevation, weighing, inspection, etc. to get grain loaded into cars, so that the wheat we have here is certainly not on an attractive basis for export, nor is it competitive with Ohio wheat for domestic purposes.

According to the Northwestern Miller the revised figures of proposed Yugoslavian relief shipments showed only about half as much wheat and flour under the deal than had been originally talked of. Wheat will compose only 200,000 tons and chances are that most of this will come out of CCC stocks. Of the total, U. S. mills will furnish only about 40,000 tons wheat equivalent in the form of flour, which would be approximately 640,000 sacks. The remaining 160,000 tons wheat will be shipped to Germany and Italy for milling. Besides wheat Yugoslavia will get 150,000 tons corn, 40,000 tons barley, while the balance will consist of oats and other fodder, although there is some chance that corn may be substituted for the latter.

All this had very little influence on our market this morning. The momentum from yesterday seemed to carry further, and most grains were rather firm during the early part of the trade with shorts apparently cautious. There had been unexpected showers and thunderstorms over most sections of Indiana and Illinois, also over southern Missouri and parts of Ohio. However, there is no relief yet in the dry areas of the Southwest, and the forecast is for generally fair tonight and Thursday, colder in the west on Thursday. The corn belt will apparently get some scattered showers tonight and tomorrow, except possibly snow in northwestern Iowa.

The world rice crop this season is about 3% larger than last year, and possibl the best since World War II. The harvest in Asia is 318 billion lbs compared with 308 billion last year. The gain is due primarily to the high yields obtained in China. However, there were moderate increases in Formosa, the Philippines, Thailand, and Pakistan. Japan also is harvesting one of its largest post-war crops. Europe's harvest is estimated at 2.8 billion lbs, which is a record and compares with 2.5 billion last year; also, North American production has been cut from 5.2 billion last year to 4.9 billion this year.

There has been a rather surprising development recently. Potato farmers ballotted to decide whether they wanted government marketing agreements, which would entitle them to price supports. So far nine elections have been held and price supports were rejected outright in seven of the nine votes. In one case farmers had refused to give the marketing agreement the two-thirds necessary for adoption and only New Jersey gave the two-thirds majority required for affirmative action. The American Farm Bureau Federation explained this by saying that fear of government regimentation is certainly the number one cause.

Primary receipts of wheat were 893,000 bu compared with 2,860,000 bu last week, and 346,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 395,000 bu.

Some attention was probably paid to reports from the Southwest saying that topsoil was dry, and the Kansas Weekly Report said that wheat needs a good general rain through the state before going into the winter stage. The July future gained somewhat on the nearby months, bringing it more into the same relationship as it had been prior to yesterday. Markets were all rather firm, but the one thing we note is that there are not many shorts in any of the grains, most people are cautious fearful of inflationary factors. This is something that has to be watched, particularly if we get any sizeable liquidation, as new support may not come in so freely, and we feel that caution is necessary. Flour sales overnight improved with a good many buyers taking advantage of unchanged prices.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 16, 1950

While our consumption of wheat and flour is pretty constant, at least for domestic purposes we have spasmodic periods of good business, and apparently many of the mills were extremely active overnight, particularly in the Northwest where practically all of them participated in new business. This naturally necessitated covering of futures and it might have had more influence except for the fact that there were some offsetting sales both by commission houses and by a Northwestern elevator concern, which took care of hedge-lifting, and wheat was somewhat reactionary at the start, probably influenced also by lower pricesfor corn.

It is quite true that the demand for red wheat has improved somewhat, particularly with the government taking supplies at eastern seaboard positions that will probably be exported to India and other countries. Nevertheless, red wheat was selling at such depressed levels that even a little improvement is not too significant. We have been told that there is a good chance that some eastern wheat might return to Chicago in time for delivery on December contracts. Whether or not this is all true is difficult for us to confirm, but at least the fact that it is reported shows that traffic is going in the reverse direction from what one would normally expect. Ordinarily Chicago at this time of year is drawn upon when either winter storage boats or cargoes destined for Buffalo and other similar points are needed to take care of routine requirements. As we pointed out yesterday No. 2 red wheat at Baltimore is selling only a few cents over Chicago December, and even assuming that the price would advance to 10¢ over, it still would be far cheaper than if the grain would have to be shipped from here where freight alone amounts to more than 15¢ a bu. Others contend that this may only be a start, and that even last year with the superabundance of red wheat, we finally worked off excessive supplies, thus improving the situation in Chicago. Naturally the same could happen this year but it looks doubtful, as red wheat for export has certain limitations, and as far as bread grain is concerned hard varieties are in greater demand.

Our exports continue rather disappointing. U. S. shipments of wheat and flour last week were reported by Broomhall at 2.8 million bu, bringing the total to 71 1/4 million since July 1st. This compares with 129 million bu a year ago. From the start of the world crop-year, August 1st, all countries have put afloat 175 million bu compared with 227 million last year. During the past fortnight, Australian export have amounted to 4.7 million bu wheat and flour, bringing them to 99 million bu since the 1st of January compared with 106 3/4 million bu last year. This still leaves 55 million bu for export and carryover compared with 39 million last year and 45 million bu two years ago. The new crop has been progressing satisfactorily in most areas, and harvest should be under way shortly in early districts. Recent estimates are for a yield of about 195 million bu vs. 226 million bu last season. The present conference at Geneva, at which twenty nations are meeting, had some interesting discussions, according to Broomhall, with respect to increased shipments to Western Europe. Russia is supposed to have 2.2 million tons surplus grain available for sale after deducting 800,000 tons, which has already been contracted by Great Britain.

Despite the recent decline in hog prices, we note that the Chicago corn-hog ratio the past week was 11.4 compared with 11.5 the previous week and 14.2 last year.

Primary receipts of wheat were 1,798,000 bu compared with 1,938,000 bu last week and 1,350,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 334,000 bu.

Not too much attention was paid to a small reaction in stocks, which was due to Secretary Snyder's proposal for an excess profits tax, but for quite a period grains were rather firm, and CCC officials said they were back in the market for crude soybean oil for the first time in several months. During the final minutes declines occurred despite mention that CCC also purchased some beans, which included 50,000 bought on Tuesday and 100,000 purchased yesterday. We heard of a further inquiry for milo to Norway, and with these various reports short-sellers were hesitant. It is doubtful whether any large volume of hard and soft winter flour had been sold, while export flour business was almost completely lacking. Last minute selling carried the market to nearly the low of the day. Corn was very weak.

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CHICAGO, 4

November 17, 1950

Statistics indicate that cattle feeding to the end of October had continued at a high volume for this season. It is generally assumed that unless unforeseen factors come to the foreground, domestic disappearance of corn, which amounted to 3.3 billion bu last year will be even greater in the current season. Some private estimates are running from 200 to 300 million bu higher, depending, of course, on conditions. There are a number of factors that can still influence the volume fed and the feeding practices in much of the corn belt. Feed supplies are abundant but low quality corn does not exist in sufficient quantities to cause any unusual demand for feeder cattle. Prices of stocker and feeder cattle are at record levels, and reported to be causing a cautious attitude on part of some financing agencies. Largely in the West feeder-cattle supply areas ranchers are generally taking advantage of the favorable feed conditions on ranges and pastures. This is the season of the year when ordinarily hog prices are somewhat depressed. We find that rain, snow, and much lower temperatures in the Mid-West, following the long period of fine fall weather, influenced producers to offer hogs freely, and marketing during most of last week was largest since early in the year. If there should be a continued downward trend in hog prices, it might cause some discouragement and more selling of corn, although this is somewhat unlikely in our opinion. The present decreased demand and seasonally liberal receipts, which have brought about the late decline, an which carried prices to new lows since early May, should be due for a change before long.

All this may have had some influence on corn following a sustained advance for some time, and particularly as prices came closer to a level at which the government supplies might be liquidated for domestic purposes. It appears, however, that corn has relatively more merit than wheat, although some in the trade seem not to hold this view at the present time. Many point to the fact that wheat has been lagging while other grains have advanced. There is probably a good reason for this, howeve owing to the fact that our export shipments have been disappointing and likewise the amounts impounded are very small in comparison with other years. Domestic milling demand improves from time to time but after buyers are satisfied, there seem to be periods of dullness but apparently buyers are staying well booked ahead.

Canadian wheat shipments the week ending November 9th were 3.7 million bu, bringing them to 57 1/2 million since August 1st vs. 71 1/2 million last year. Their crop and carryover, less potential home use, (which may be 10 million larger than last year) gave them net supplies 100 million bu greater than the previous season. There was a report late yesterday from Ottawa estimating the wheat crop at 460 million bu including the East, but it should also be noted that because of the frost there is going to be a good deal of wheat unsuitable for milling purposes. Inspections generally were lower and for the period from August through October only 50.9% graded No. 4 Northern or better compared with 87.2% last year. We were told that two cargoes of corn were sold to the U. K. the past two days, apparent from gulf positions, and while we do not have details it would not be at all surprisin if this all came out of government stocks.

Primary receipts of wheat today were nearly 1 1/2 million bu compared with 1.2 million bu last week and 962,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 317,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 1.1 million bu.

Trade in the various pits was just fair but liquidating orders came in from time to time, and, as we cited a few days ago, the market lacked shorts, which is always somewhat of a danger when selling orders have to be absorbed. The mills reported poorer business generally for flour and while there is some business passing the volume seems to be much smaller again. Export flour demand is extremely slow. We had rather erratic swings in beans and with meal prices lower some in th trade were of the opinion that reactions might continue further. In any case liquidating orders appeared on several occasions but late buying rallied the market.

Corn was weak at times but that cereal has had quite an advance lately so that technical reactions should not prove surprising although we believe that purchas can be made on breaks.

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CHICAGO MERCANTILE EX.

November 20, 1950

Prof. Joseph S. Davis, Director of Food Research Institute of Stanford University, stated some years ago: ''In the United States we have not acted in fear of low prices. We have insisted on high and still higher farm prices, regardless of the urgent need for holding inflation in check.'' Under the present parity system we see little chance of arresting the upward spiral unless some courageous people in Washington will finally adopt a plan for flexible support, such as was adopted by the Congress a few years ago but which was rescinded before it ever became operative. To adhere to a system of mandatory support levels is probably the best way to insure price collapse after commodities reach abnormal heights, and in the final analysis we are afraid that if unwarranted levels are reached, this will eventually react against the producer instead of helping him. Even Farm Organizations are beginning to realize that the whole price structure is approaching a level that might become dangerous. One of the leaders last week said that he was convinced that agriculture would not be seriously damaged by suspension of practically all farm program activities and expenditures during these periods when our prices approach parity. This party stated that agriculture should take the lead in reducing governmental non-defense spending by supporting drastic reductions in farm-program expenses. Whether the next Congress will do anything about it is difficult to tell, but there should be a realization that the commodity support program was conceived and started in a time of reduced agricultural income. It was designed to provide, among other things, reasonable loans to carry the farmer over until such time as his products would increase in value to a point that would yield him a better return. That concept, however, has now been completely abandoned.

When our market opened this morning the carryover feeling from Saturday was somewhat bullish. Additional allocations brought to mind the possibility that our exports would expand. We have known for some time that relief shipments to Yugoslavia and possibly to other countries would take place, but whenever specific amounts of money are voted it seems to have a somewhat stimulating effect on the market, and particularly with the additional help that was received last week when CCC purchased about the equivalent of about 200 cars bean oil for overseas shipments. Beans were again strongest in today's market, and the main feature in early trade. Prices advanced to above $3, this being the highest of the season, and naturally affected other cereals. Actually there was not a great deal of activity on the exchange floor, and it was believed that the buying that had brought about this upward movement was of rather small proportions, so that by the same token any heavy selling might also bring about just as sharp a reaction. Possibly the movement of beans from the country will not enlarge much until after the first of the year, this being a matter of tax rather than indifference to prices. After all the bean crop was some 50 million bu larger than last year but if exports are 15 to 20 million bu greater, also some extra amounts needed for oleomargarine, and heavier consumption due to the small cotton crop, there may not be a burdensome carryover unless consumption is somewhat curtailed due to the high prices that came about so early in the season, but on that score we shall not know too much until we see some data on grindings, which we shall gather at a little later period.

When the visible supply of wheat was posted there was a decrease of 1,649,000 bu. This reduces the total stock to 223.8 million bu compared with 206.2 million bu last year. Corn increased 3.7 million bu to a total of 42 3/4 million bu compared with 38.1 million bu last year. The oat stock decreased 763,000 bu leaving 16.6 million in all positions compared with 19.1 million bu last year. Chicago wheat stocks decreased 187,000 bu to 11.3 million bu. Corn stocks locally increased 737,000 bu to 10.3 million bu. There was a moderate decrease in oats, with less than 1 1/2 million bu in this market. There was practically no change in rye. Bean stocks in Chicago are now slightly over 6 million bu, having increased 119,000 bu during the week.

As we pointed out, in the early session prices were very strong but there was considerable profit taking and whenever declines take place wheat seems to share in the weakness although there is some improvement in the red wheat situation east of here but still not enough to influence the carrying charge in Chicago, which is almost as wide as it has been at any time. Corn prices had been reactionary last week. There was some improvement today but when other grains broke there were setbacks. We feel that with the heavy feeding that accumulations are warranted on decline

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 21, 1950.

Britain is one of the world's greatest producers of coal, and in most years she was an exporter. Only twice in history: namely, during the general strike in 1926 did she find herself in the import column; again in 1947 after the war when there was a transport bottleneck. Now for the third time, despite nationalization of the mines and general physical improvement, 22,000 miners have left the coal pits this year, and with consumption substantially increased, coal is so scarce that imports will be needed this winter to take care of industrial needs. Thus, it is that even with government controls all does not run too smoothly. We find another example of trouble when normal laws of supply and demand are resisted, and in Norway it is reported that the irresistible force of planned inflation has met the immovable object of planned prices. Government-fixed bread and flour prices jumped 40%, coffee 100%, and oleomargarine 125%. These price increases were made shortly after the election, in which the same government was returned to office amid promises of stable prices.

There was very little overnight news except that some business was expected with Mexico, possibly 1 to 1 1/2 million bu involved in such a transaction. We saw evidence of some December wheat being covered, and while it is altogether possible that the government will furnish the actual wheat for the sale, it is not always true that CCC offerings come simultaneously with the buying of hedges by those houses participating in export business. Were this the case it would be a much simpler operation for the reason that the early hedges lifted would not have to be returned to the pit a little later. However, we believe that the end results are about the same. There was also some talk recently that either wheat or flour business might be resumed with Brazil, and some were of the opinion that part of the December transactions might have been against such operations. However, the market effect was almost nil, as there seemed to be a fair amount of commission house selling shortly after the opening, and this extended also to soybeans where the price is regarded as high coming so early in the crop-year.

There was a report that a cargo and a half of corn was sold to the U. K. from the Atlantic. Nobody knows for sure whether these supplies will come out of government holdings but at least there is a chance that it may be so handled. There are some in the trade who believe that despite great indifference on part of Europe our wheat and flour shipments may pick up to some extent owing to conditions now existing in other exporting countries. Canada's wheat crop has been estimated at 460 million bu; however, quite a large percentage will not be fit for milling purposes. Assuming that only 250 million bu should grade No. 4 or better, there would still be no calamity in view of the fact that the carryover reserve was 113 million bu. Nevertheless, it might shift some trade as has already been the case for high quality wheat to this country. Australian wheat harvest is currently being forecast at 190 million bu, down some 26 million bu from last year's 216 million bu crop. The reduction appears to be entirely due to extensive floods in New South Wales, but in any case this likewise might shift a little business to our country, although we adhere to the original figure of 250 million bu unless larger amounts are placed in exporting channels through credit devices. The U. K. wheat harvest is now officially estimated at 94.3 million bu compared with last year's production of 82.2 million, an increase of 12 million bu, which in itself is not too significant. We do not hear very much from Argentina as is generally the case at this season of the year. Weather now appears to be clear after a rainy period; temperatures are low, and there is a constant fear of frost damage. Before the war one could often sense great apprehension because flax, which was so much more susceptible to frost than wheat, would quickly register an upward price trend but lack of quotations give us very little clue to the general outlook. It appears that the two Southern Hemisphere shippers are likely to have a larger surplus during the 1951 calendar year than any season since the war, provided Argentine's very satisfactory conditions continue a few weeks until their crop is ready for harvest.

Primary receipts of wheat continue around 1 1/2 million bu, and changes in stocks of wheat in Kansas City and Minneapolis have been small so far this week, increasing 121,000 bu.

Chicago stocks of #2 red winter wheat increased to close to 4 million bu, being up 700,000 bu from the previous weekly report. We expect this to increase further making a large quantity of wheat available for delivery on December contracts, which could be delivered unless the spread should widen to where hedgers are satisfied tochange over to more distant months. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 22, 1950

Apparently the business which had been discussed heretofore with Mexico was not consummated, or at least completed, until this morning. This meant removal of hedges although we still believe that a good part of this export business will finally be taken out of government stocks, provided CCC furnishes exporters with the necessary grain. For a time there was not too much activity in the market, despite this covering until news spread on the floor that a speculator had purchased a million bushels red wheat from one of the elevator concerns in Chicago, apparently the idea being that it probably would not be any more expensive to carry cash grain than to go over to the deferred months at a premium. Furthermore, there is always the possibility that the demand for red wheat will improve, and while we do not know who the party is, this conjecture is something that has been rather commonly discussed on the floor. Naturally it was a big influence today because the carrying-charge between December and March and December and May narrowed very considerably. There was not the same excitement, of course, in outside markets, and their prices dragged in comparison with the nearby month here, which was to be expected. Flour business today was reported as only moderate; in fact, a little bit draggy following some improvement in recent sessions.

Not much attention was paid to other matters, although there is some chance for moisture overnight but it will be confined mainly to the Northwest and to the corn belt. Cloudy skies are reported in the winter wheat areas, and it will be considerably colder in the West portions late tonight, but up to the present time there is no prospect for rain or snow developing.

Broomhall's Foreign Crop Summary is rather favorable, and planting of acreages has progressed although more moisture would be welcome in some areas. It seems doubtful now whether the fall acreage in the U.K. will reach earlier expectations, but yet there is no particular concern as any deficiency now might easily be made up with additional seeding of spring grains. In France it is said that seeding is almost finished and soil conditions are favorable. Widespread rains have fallen in Italy and the situation there is said to be good. Acreage will be fully up to last year. There seems to be some tendency to raise estimates in Australia as the crop comes closer to maturity. We have nothing definite, however, on that subject. The crop may exceed 200 million bu, which would compare with the official estimate of 190 million given a little earlier.

We hear on good authority that Canadian oats are coming into this country on a fair scale to take care of the demand to New England States, and along the Atlantic seaboard. Winnipeg May oats have been running about 3 to 3 1/2¢ under the same delivery here in Chicago. The Canadian bushel is 34 lbs. or about enough to take care of the duty. At the present time Canadian exchange is at a discount of 3 to 4%. As one of our friends points out, nobody knows what the monetary condition will be in the spring. However, there are some spreaders attracted to the transactions, and in the long run even with the fairly large crop up there, Canada should be able to get her surpluses reduced.

Primary receipts of wheat were somewhat smaller today, amounting to only 758,000 bu compared with 893,000 bu last week, and 344,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 60,000 bu

While there was a good deal of trading activity in wheat and probably more spreading operations than for some time, it seemed that after a while conditions in the pit became quite calm again, although the December future showed great strength throughout the session, but best prices for the day were not maintained. The trade is still handicapped owing to the fact that the government has only come out twice giving figures on the quantities which have been impounded. Naturally, more is in the loan now than when the early report had been made, but prices have advanced sufficiently so that we doubt whether the quantities will be anything like those which were taken from commercial supplies a year ago. Possibly some evening up also to place prior to the holiday, but we were told that in outside markets trade was rather featureless, except that PMA is prepared to wire requests to mills for offers of approximately 30,000 long tons, or 672,000 CWT flour for Yugoslavia, awaiting only the formal signing of agreement between that country, the State Department, and the ECA. This is expected very shortly.

Corn was inclined to be somewhat weak despite strength recorded for the leading cereal. We did not hear much in the way of news, while in beans the swings did not go very far in either direction. There was weakness at times but apparently some buying on declines.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 24, 1950.

While America was celebrating its Thanksgiving holiday, there was better news from Korea. For a time it appeared as though peace might be much nearer at hand than most people had anticipated, although British efforts toward a friendly settlement withChina cannot be interpreted until we find what the reaction of the Communists will be to these overtures. Meanwhile General MacArthur had flown to the battlefront at Korea to encourage U. N. troops to go in for the final push that might bring us victory before Christmas. It may well be that China is taking part in the present conflict, not only in answer to Russian demands, but also, partly because of geographical conditions, which may have caused fright on their part. The Manchurian capital and manufacturing center is barely more than 100 miles from the nearest point of the Korean border. Chang-Chun and Harbin, the next important centers are 150 and 300 miles straight North of Mukden. All three could be obliterated within a mater of days, together with the major Manchurian plants, if any, which between them constitute the backbone of China's meager industrial potential. Important as all that may seem to China, it is less than .5% of America's motor power. In other words China's basic potential is at our mercy. Also this applies to all her larger cities, and to her entire coast line and vital foreign trade.

It was probably due to the possibility of peace and a slackened demand that Winnipeg prices were lower yesterday while our markets were closed. This overcame many of the other factors which had been brought to the foreground last Wednesday, and not too much attention is being paid now to the buying of cash wheat by a speculator who apparently has it hedged in March, and who is merely hoping for a better relationship, so that he may merchandise his grain by taking a few cents profit. There are, of course, times when speculators guess these conditions better than merchandisers themselves, but they are also handicapped by the fact that they have had less experience, and do not know who the ultimate consumers are; therefore, even if they are right they sometimes would be better off if they would confine their activities to futures rather than to take over other people's business. The sudden change in events, however, has caused a good deal of changing over of hedges, particularly by those in outside positions who do not want to take any additional risks with all the other great uncertainties that confront them. Thus it is difficult to predict the outcome of carrying charge spreads, although we still believe that the balance of the red wheat which is available in this market may be tendered on December contract.

Primary receipts of wheat over the holiday amounted to 2,524,000 bu compared with 1,499,000 bu last week, and 1,057,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 262,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of 2 1/2 million bu.

Trade was rather active, and of course, the possibility of peace would naturally cause a good many people to liquidate their lines. Before our market opened this morning both the cottonseed oil and the soybean oil market showed weaker tendencies, and later on cotton became weak, and naturally this influenced soybeans, which showed the sharpest decline at the start, and later they were down 10¢ per bu, the full permissible decline.

Wheat, which did not decline as sharply, at least is giving a very poor account of itself, and does not show much gain now over the low point recorded some weeks ago. The main thing in our opinion is the lack of export trade and the possibility of a larger carryover at the end of the year, with probably more grain in the free supply. Even corn yielded considerable ground without much pressure from the country, and in spite of business abroad. It was reported that a cargo of #2 yellow corn was sold to the U. K. from Baltimore, and 4 cargoes from the Gulf to Italy; also we understand that Austria was inquiring for corn, but despite these factors liquidation had to be reckoned with. There was about 1 to 2 inches of snow over the corn belt, and some light snows Northwest, but nothing of consequence in the Southwest; however, their temperatures were not quite as severe as in this part of the country. The reactions which occurred today were long overdue, and should put the various markets in a healthier position. Flour business was slow.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 27, 1950

In a little more than a month many more people will be covered by Social Security than ever before. More accurate bookkeeping will be necessary by housewives who employ help or by farmers who have eligible workers, although on the latter wages paid by a husband to his wife or a wife's pay to a husband will be exempt. Regular farm hands will have to get a Social Security Number from the Internal Revenue Department, and salary forms will have to be filled out by the farmer or tenant and sent to the nearest office of the Collector at the end of each calendar quarter. The employer will deduct 1 1/2% in cash wages that he pays covered workers and will add 1 1/2% as his own contribution. Farmers may and should obtain instructions for filing the required reports from their local Collector of Internal Revenue, as the tax is compulsory and farm operators will be held liable for its payment. The new responsibility provides for many farmers another reason for maintaining records of the farm business, which we believe heretofore was in many cases not done.

Before our market opened there was news of allied setbacks in Korea, with the Chinese Reds apparently making a more determined effort to recover lost ground. This in itself would probably have given us a higher opening if there had been no other news. First of all, last week's selling had been spurred by the possibility of peace overtures, and General MacArthur's statement that he hoped to have the boys home by Christmas. There was also the weather which caused some apprehension, although the violent hurricanes, accompanied by rain, sleet, and snow, was confined mostly to New York State, Pennsylvania, and Ohio. There were very low temperatures in Florida, but strangely enough the feeling is that the citrus crop can be saved, and precautionary measures had been taken through preparedness by promp warnings from the Weather Department. There was no moisture, in our Southwest, nor is any looked for. Temperatures, however, are quite moderate, despite much lower readings in other parts of the country. Before we opened cottonseed oil prices and bean oil prices were sharply higher, and this naturally created a very strong market in beans, although it induced some buying and short-covering in corn, with the belief that cold weather and snow-covered ground would intensify feeding operations of corn and meal.

In New York the U. N. will probably hear the Chinese delegates, while in Washington Congress reconvenes, and thus those two factors will probably occasion spotlight news during the next week or ten days. The Chinese Reds have emphasized that they merely provide support to the volunteers who fight for freedom in Korea, at least this is the Soviet version. Be that as it may it keeps the door open for retreat if things should turn hot.

We heard a few complaints last week that winter wheat in Southwest areas had not been doing too well. With the exception of Texas where the August to October precipitation was only 81% of normal, we see little reason for alarm, despite the fact that surface moisture is deficient. In Nebraska during this period moisture had been 118% of normal, Kansas 106% of normal, and Oklahoma 97%, indicating that a good, soaking rain or some snow is probably all that is needed at this time.

When the visible supply of wheat was posted, there was a decrease of 2.1 million bu, this leaves total stocks of 221.6 million bu compared with 203.7 million bu last year. The corn visible increased a little over 3 million bu to a total of 45.8, and is now 3 3/4 million bu larger than last year. Oats decreased 236,000 bu, leaving a little less than 17 million bu in all positions - a shortage of 2 million bu in comparison with a year ago. Chicago wheat stocks decreased 160,000 bu still leaving more than 11 million bu here; corn increased locally to 10.6 million bu - an addition of 343,000 bu. There was a small decrease in oats, but only 1.3 million bu here. Rye stocks went down a very small amount, leaving 4 3/4 million bu in this market, while beans decreased nearly 200,000 bu to 5.9 million bu.

Trade was probably not as large as it had been last week, and a good man of the advances were made right after the opening, possibly a cautious attitude was adopted owing to the fact that beans are not so far now from the high point recently made. Corn tended sharply higher, and some export business was put through, but besides offerings from the country are still very light. There was no appreciable business in flour; in fact, recent sales have been almost at the low point, and according to the Southwestern Miller averaged less than 25% of capacity. However, the war news has sharpened buying interest amongst bakers.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 28, 1950

The news from Korea was quite disturbing. General MacArthur began a secret conference with his two top Field Generals, whom he suddenly had summoned from the Korean sector. Both of these Field Commanders had returned to Japan separately at the General's order. Their commands in Northwestern and Northeastern Korea were under heavy Chinese Red attack. Apparently things have come to a stage where General MacArthur wants the U. N. to decide on the further course and while this is not entirely clear we presume that he has in mind the possibility of bombing Manchuria, but there is no official statement to that effect. Meanwhile, early reports from Washington indicated that the U. S. had decided to charge Communist China with aggression in Korea. The Assistant Secretary of State, Mr. Hickerson, so advised the American Delegation at the United Nations' Assembly by telephone. This is a step which our government had heretofore refrained from taking on the grounds that to charge any nation with aggression might set in action an extremely serious chain of events. In other words, once a nation is so singled out it might mean that we are more or less under obligation to pursue a strenuous course. All that we heard from the Assistant Secretary was his answer to reporters that we are prepared to charge them with aggression since Chinese Communists have been in North Korea for more than a month, but in any event a decision of this kind would reflect a sharp drop in hopes for a successful border negotiation with the Red Chinese.

All this news had a depressing effect upon stocks before our market had opened. Likewise cotton prices in the early trade were sharply higher. Grains, which fluctuate according to war news, going down on prospects of peace, or up when war seems nearer at hand, naturally followed that pattern with considerably higher prices this morning in the various pits. Besides this there was trade news in beans, which naturally had its influence. October grindings were 19,475,000 bu, a record for all time, and this compared with only 13,633,900 last month and 17,522-000 bu last year. We have known for some time that because of the poor cotton crop cottonseed oil would be in short supply, and that this would create a greater demand for beans. However, the figure was quite startling, and if these crushings continue at the present rate it would certainly cut a big hole into reserves even though we raised a bumper crop. There was scattered commission-house buying of wheat and corn in practically all deliveries; likewise some short-covering. Commission houses seemed to be the best buyers of beans, although there was some resistance on extreme bulges. Not much attention was paid to routine matters, nor to weather, although some light snowfall was reported East of the Mississippi river, but in the Southwest it was generally fair and no precipitation is indicated at this time. Temperatures show no important changes, and it is still rather mild over the winter wheat belt and rather cold East of the Mississippi mostly due to the heavy snow which covers this area.

Primary receipts of wheat amounted to 1,797,000 bu. This compared with 1,593,000 bu last week and 1,282,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 86,000 bu.

During mid-session conflicting news came from Washington as to what our foreign policy might be with respect to China, and for a time it was thought we might not employ a method of instituting charges of aggression against China. Later on, however, word came from Lake Success that we charged open agression had been used against us, and this was one of the most critical meetings in the Council's history. Mr. Austin had revised his prepared speech at the last minute that referred to the critical war news from Korea, and repeated General MacArthur's declaration that more than 200,000 Chinese Communist troops were now fighting the U. N. forces. While reactions occurred, there was never much weakness. This was particularly true in beans with that market having advanced sharply from the previous day. Of course, if we continue to crush at the present rate and allow for 19 million bu beans for seed it would mean total domestic disappearance of 253 million bu of a total production of 281 million bu. This would leave only 28 million bu for export and reserve, plus 3 million that we carried into the present crop, and not a very big figure when we consider what may be shipped abroad. The largest exports we have had in any seaaon were 23 million bu. Last year they amounted to 13 million bu. Chances are that there will be fairly good initial tenders on December contracts in all grains except oats.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 29, 1950

According to the overnight news that was received from Korea, we apparently suffered further setbacks. However, this was certainly not unexpected in view of the fact that we are facing superior numbers. General MacArthur's headquarters were rather silent on developments, but judging from a statement made by General Walker we were handling ourselves satisfactorily in view of the obstacles that had to be met. There was no word early from any action that might have been taken at the U. N. Council's Chambers. Apparently Britain had asked for a delay in calling today's meeting until yesterday's events could be fully digested and proper decisions reached.

In view of the fact that conditions throughout the world are so very uncertain, there seems to be a tendency for traders to remain close to shore rather than to be extended. After a somewhat higher opening there was apparently selling to even-up positions, despite the fact that inflation was still to be reckoned with. The government's retail price index reported a record peak in mid-October, but strangely enough, food prices during the month did not rise and the increases must have been in other lines. This suggests that parity prices, which come out late tomorrow, may also show an increase, but we shall know more about that later. As a matter of fact, the loans already in effect will not be changed, but naturally any increase or decrease would be an influence in determining the program next summer. The stock market showed further nervousness and declines were quite general throughout the list before we opened. This, however, had only a passing effect on our market, although with no corn bookings in the early trade, and with some export business reported, apparently some hedges were taken out of the pit, which gave us the first strength.

There is still no moisture Southwest, nor is any indicated as far ahead as one can see. It is partly cloudy Southwest and will probably be colder throughout the West tonight, while in other sections of the country a few snow flurries are likely, but nothing else of consequence.

Official exports of wheat during the month of October were given at 16.7 million bu, which compared with 25.9 million for the corresponding period last year. For the first four months of the season our shipments of wheat and flour amounted to 68 million bu vs. 121 million bu the same months of 1949. Exports of other grains and products for the same period were close to 64 million bu against practically 73 million bu last season, all of which indicates that there is a greater demand for feed than for wheat, although it must be remembered that some of the other surplus countries are doing a better share of the wheat business than we are, despite subsidies, gifts, etc.

Broomhall has stated recently that delay in fall plantings in the U. K. will probably necessitate more active work in the spring to make up the deficiency, although on the Continent conditions seem to be somewhat better and a favorable program was carried through in France with some increase in the winter acreage, while in Italy winter wheat is said to be in good condition with moisture supplies adequate following recent rains.

Primary receipts of wheat amounted to 702,000 bu compared with 758,000 bu last week and 339,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 266,000 bu.

There was never much strength to the wheat market but there was some buying of the nearby future by hedgers apparently going to more distant positions, also occasional local buying, and it is difficult to say what the deliveries will be, but our guess is that there may be 2 million bu or so tendered on contract. Mills are not doing much business, which is quite surprising in view of Korean news.

The Santa Fe report indicated that it was very difficult to give an accurate account of fall conditions and they stated that this might be another season when prognosticators will have an excellent opportunity of killing and reviving the wheat crop several times before harvest. Apparently a good, soaking rain over the entire Southwest territory would be helpful.

Corn was inclined to weakness after early strength. Apparently there are a good many people friendly to the market but on some selling orders new buying was not effective and losses ran to as much as 1 5/8¢ a bu. Soybeans were very mixed, and undoubtedly traders want to know whether we are going to have war or peace. However, the close was very weak on moderate selling.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 30, 1950

News from Korea had a better tone. It is difficult to judge these things from day to day; nor can we understand at the moment why the Chinese push has lessened, but one must still await further developments before feeling too encouraged. At his Press Conference this morning, President Truman said that defense efforts would have to be stepped up as the result of the recent crisis in Korea. He refused to tell reporters whether all-out mobilization is necessary, but said that much would depend on the outcome of the crisis touched off by the Chinese Communist intervention in the Korean fighting. The President also stated that the atomic bomb in the Korean war is and always has been under consideration, but that he did not like to see it used on non-combatants. Mr. Truman said, too, that we may have suffered reverses, as we have suffered them before, but the forces of the United Nations have no intention of abandoning their mission in Korea.

When our market opened this morning sentiment was somewhat mixed. If anything, securities prices in New York were a shade higher. The May corn future was under pressure, but immediately rallied when the balance of the market firmed. Soybeans had been extremely weak on the close yesterday, not because of any special news, but rather selling orders that hit the pit, and at that particular moment new buying was insufficient. There were rather heavy tenders on December contracts, particularly of wheat and rye, but this did not have too much influence, as possibly it was anticipated beforehand. There were also deliveries made in the outside markets, with fair quantities tendered at Minneapolis and Kansas City.

Late yesterday we heard that wheat impoundings during the month of October had mounted 40 millinn bu, and to-date there is 141 million bu under loan, which is about half as much as last year when 281 million bu had been tied up. It does temper one's views to some extent, even though the amount is smaller at this time. We assume that the total by end of January 1951 will probably amount to 200 million bu. We also assume that 725 million bu wheat will be consumed domestically for all purposes, and figure that possibly 75 million bu will be exported from the free supply, so that adding these three items together, it would almost account for the amount of wheat raised this season. There could, of course, be some offsets if the government sold a larger quantity from its own stock to foreign buyers; also, the 60 million bu that we have stated as possibly being impounded between now and end of January might not come up to our estimate but domestic usage is almost sure to reach the figure stated. The only drawback to our argument is that it takes time to eat into our reserves and what we have in mind will not be fully felt until July 1, 1951. Therefore, much canhappen in the interim, and also one has to allow for possible redemptions should the price advance sufficiently.

Weather has been generally fair, but our forecaster is hopeful that there might possibly be some light snow in northern and eastern sections of Kansas, also possibly light snow in parts of Nebraska tonight. However, this would not be much moisture in view of the dry topsoil conditions that prevail.

Primary receipts of wheat amounted to 1,793,000 bu;last week was a holiday; receipts last year amounted to only 849,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 418,000 bu.

Trade in the various pits today was more moderate. Mr. Churchill called today for a secret high level meeting of the West and Russia to end present world tension. He hopes that peace terms can be discussed while we still have supremacy of the atom bomb, and before they stockpile so many that they would be able to terrorize the free world, if not actually destroy it. Markets did not pay much attention to this, and as we have mentioned before there seems to be a much more cautious feeling all around. Flour business was a trifle better and likewise cash corn premiums were decidedly higher. The Chicago corn-hog ratio was 11.1 compared with 11.8 last week and 12.1 last year.

There are two steamers carrying rye from Canada to Chicago with a total of 705,000 bu. However, the December future is selling at practically a full carrying charge under May, and prices are at a level where apparently some holders appear to have confidence.

Before the day is over there might be as much as 2 1/2 million bu wheat tendered. However, the December future is staying at relatively the same discount under May, thus not disturbed by these deliveries.

UHLMANN GRAIN CO.

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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 December 1, 1950

The news from Korea was definitely less favorable this morning. It was characterized by General MacArthur's statement that the military situation in Korea is serious and critical but not hopeless. He added that in his opinion we face an enormous handicap without precedent in military operations. The United Nation's restrictions against unlimited pursuit of the Chinese Communists and aerial attacks on their Manchurian bases naturally make it more difficult for him to carry on normal activities. However, there is some evidence of relief due to the fact that no Russian divisions are being mobilized on the Siberian border. Late yesterday it became known that Britain's Premier was preparing to fly to Washington Sunday for talks with President Truman, aimed at ending Communist Chinese intervention in Korea and preserving world peace. Hurried conferences and last-minute preparations indicate that Mr. Atlee will probably have full power from his government to act when he arrives here. Apparently he wants to emphasize to our government the British Cabinet's view that no decision to use the atom bomb in Korea should be made without prior consultation with UN Member States, whose forces are now fighting over there. The heads of government will probably discuss also the manner in which an approach should be made for a settlement with Red China, and further resolving of Far Eastern problems generally.

When our market opened this morning changes were not too great, although some firmness was displayed, and apparently heavy deliveries and retenders yesterday were going into fairly strong hands, although in corn, receipts seemed to be circulating. This is often the case until finally they fall into the possession of consumers and processors. There were also fairly good deliveries of wheat in Kansas City and of oats in Minneapolis, both these items coming as somewhat of a surprise in view of previous talk.

Now that we have full figures on the impoundings some conclusions may be drawn. Taking the Eastern part of the country, the October additions were very small, and we find that there is only 7 million bu wheat under loan compared with 6.3 million the end of September. Our own State of Illinois reports only 684,000 bu impounded, which is less than even such states as Maryland, with 971,000 bu, and Michigan with 700,000 bu. This may be partly explained by the fact that prices were fairly good at times and also that the crop in this state was considerably less than it was last year. The largest reporting state in the East was Ohio, with 2,841,000 bu while seven southwestern states, including the principal ones and New Mexico, Missouri, and Colorado have 61 million bu in the loan, while the four northwestern states report 23 million. The balance amounting to nearly 50 million bu is located in western and intermountain areas. For the time being total quantities that have been taken out of commercial supplies are not sufficiently large to have much influence on the market, but as we pointed out yesterday we shall gradually eat into our reserves, with domestic consumption for the season probably accounting for 725 million bu, and if finally 200 million bu is placed in government hands, it would not require very large exports from free stocks to take care of virtually our entire domestic production.

Under these conditions nobody can become too bearish, particularly with parity prices going up almost every month, and yesterday's advance came not unexpectedly; in fact, as long as we have inflation and generally higher living costs, there is no telling when this thing may stop.

ECA allocated $1,400,000 to Austria for rye, which apparently created firmness in that cereal, and prices right after the opening improved considerably. There was scattered selling of December wheat by commission houses at the opening but elevator concerns seemed rather anxious to buy, and apparently changed hedges over to the more deferred months at differences favorable to themselves.

Primary receipts of wheat amounted to 1,600,000 bu compared with 2 1/2 million bu last week and 1,110,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 476,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of 1,187,000 bu.

Markets in the main were firm, particularly beans, and rye, although there was a much better undertone to corn, and there has been no easing up of country movement. In fact, some export business has taken place right along, and we still feel that home usage will be heavy due to feeding. There is no improvement to speak of in the flour demand. While trade in wheat was not too heavy the March delivery was a little firmer than other old-crop futures, although July wheat continued to show some gain against May.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 4, 1950

The militar y situation in Korea seems to be deteriorating with further retreats on part of the UN forces, although a military spokesman stated that our forces were apparently holding onto most of their equipment and arms. Nor does it appear yet that any American outfit has suffered enough casualties to knock it out as a fighting unit. Meanwhile on the diplomatic front there has been a secret conference between Sir Benegal Rau of India and Communist China's Mr. Wu. Sir Benegal stated it was an attempt to find a peaceful solution to the crisis caused by the Red Chinese intervention in Korea, but nothing has been made public. Also, Prime Minister Attlee has arrived in Washington for talks with President Truman. His statement to the press was that the purpose of his visit was to align policies in the new and troubled situation in the world and to find a means of upholding what we both know to be right. In some quarters it is believed that the settlement of the situation will have to be by diplomatic negotiations, which probably means a compromise. However, it may be several weeks before anything develops; meanwhile the superior number of red forces in Korea will undoubtedly push the UN Army back further.

According to figures released by the USDA for the week ending November 28th, this country has confirmed sales of 10,255,000 bu wheat, including flour expressed in wheat equivalent under the International Wheat Agreement. This brings the cumulative sales to November 21st against the 1950-51 quota to approximately 85 1/2 million bu and compares with cumulative sales during the comparable time last year of about 23 million bu. Our quota under the agreement is about 231 million bu, which would leave a balance of 145 million bu if the full allocation is to be met. Meanwhile, Australia has left only about 8 million of their 87 million bu quota; Canada has sold about 97 million out of a total of 221 million, leaving about 125 million to go. Taking the overall picture of all the exporting nations covered by the Agreement 263 million bu has been sold against a quota of 542 million bu.

CCC continues to offer domestic and export grains from the previously acquired stock. Offerings for export continue at a market price at the place of delivery, provided shipment is made within fifteen days unless otherwise agreed upon. During the thirty days ending November 23rd, they sold about 5 1/2 million bu wheat, 3/4 million bu barley, and about 4 1/2 million bu corn; in addition, a small quantity of grain sorghums. The domestic sales for December are priced 1 to 2¢ higher than during November, with wheat ranging approximately 25¢ over the applicable 1950 loan for class, grade, quality, and location. However, during this period only small quantities were sold domestically, about 17,000 bu wheat, 3,000 bu barley, 22,000 bu corn, and 2,000 cwt sorghums; there was about 400,000 bu oats sold.

Primary receipts of wheat totaled 1,600,000 bu vs 1,647,000 bu last week, and 1,218,000 bu last year. When the visible was posted wheat showed a decrease of 1,780,000 bu, bringing stocks to 219,891,000 bu, or 17,343,000 bu larger than last year. The corn visible showed an increase of 2,392,000 bu. Stocks of wheat in Chicago decreased 170,000 bu, leaving a balance of 10,984,000 bu on hand. Corn stocks in this market decreased 278,000 bu leaving 10,401,000 bu here. Rye stocks here also increased, bringing the total to 5,202,000 bu, plus 453,000 bu afloat and 77,000 bu in bond. Oat stocks showed a nominal increase and now stand at 1,390,000 bu.

Two steamers were reported enroute to Chicago with 656,000 bu of rye, which in addition to theprevious arrivals from Canada, brings the total up to about 1 1/2 million bu shipped the last couple of weeks. There is also reported 270,000 bu of wheat enroute to Chicago from Ft.William, which is probably feed wheat, while 97,000 bu of wheat are enroute to Duluth. The feed wheat had some depressing influence on oats.

With the exception of beans our markets started with a firm undertone, but as the session advanced more pessimism seemed to be expressed over the Korean situation, and talk of the higher taxes to come. Other commodities such as cotton were also under liquidation, and the stock market showed a very weak undertone. Over the weekend some sources reported a pick-up in the countrymarketings of beans, but this does not seem to be general. The corn basis remains firm, and the spread between December and May has narrowed considerably. Flour business over the weekend was small, apparently bakers are watching the market closely, and while uneasy about their position are strongly resisting mill prices, which seem to be 15 to 20 per CWT above their ideas. Export business was small, although there may be some acceptances by PMA by morning.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 5, 1950

The United States-British conversations yesterday did not disclose that any definite agreements had been reached yet between President Truman and Premier Attlee, but there will be a rather lengthy meeting again this afternoon aboard the Presidential Yacht. One of the British informants has claimed that in his opinion some kind of formula will have to be found whereby the big Western Powers can fulfill both their political and military commitments in Korea without becoming involved in a war with China. This, of course, is the big question. There is still some hope that even though we may not achieve military victory that a diplomatic settlement can be made to confine the North Koreans above the 38th parallel, but until we have a clearer picture of Red China's immediate objectives in that country little can be said. While there is not too much optimism, at least, there is the possibility that the Peiping Government may show a disposition to negotiate when its forces reach the old boundary line. The way it looks Britain would probably favor peace talks primarily because the only other immediate course open would be to keep on fighting.

Before our market opened this morning word came from the East that further allocations had been made: for example, to Italy $1,800,000 was granted for the purchase of soybeans, also $1 million was granted to Denmark for oil cakes etc., $440,000 to Norway for soybeans, $500,000 to Belgium for peanut oil, and a similar amount for soybean oil. In addition $500,000 was granted for the purchase of beans, and $500,000 for soaps, fatty acids, etc, all of which shows the tremendous amounts of money that will finally be spent in this country for various commodities. This naturally had a bearing on soybeans, which had been quite weak yesterday, and some buying orders came into the pit, which in turn influenced other grains.

The outlook is for rather cold weather, not only for the corn belt, but also for the Southwest, possibly temperatures falling to zero without too much chance for precipitation, either in the form of rain or snow. The worst areas, of course, are in the southwestern districts where there has not been much moisture lately, and the few light snow flurries which have occurred are not sufficient to afford much protection if the thermometer readings remain low for a prolonged period.

We also heard that a steamer carrying 275,000 bu of rye is enroute to Chicago from Canada, making the total 1.8 million bu in the past few weeks. Under the circumstances, it is going to take a heavier demand from abroad if rye prices are to advance much. We have to figure that situation differently from in the past. Our own crop was not a particularly good one, but even with the duty, fairly large imports have been experienced the past few years; therefore, it becomes necessary to almost figure North American production as a whole. The domestic consumption of rye in Canada is very small, therefore,when European outlets cannot be negotiated it means that a good part of the surplus finds its way to our country.

Broomhall's Foreign Crop Summarystill emphasizes that large spring plantings will be necessary in the U.K. to make up for the smaller amount of fall work, plantings having been delayed by wet weather. France reports that there have been complaints of excessively wet fields, which delayed planting, whereas previously conditions had been satisfactory. It seems doubtful whether the increase in acreage to other grains could be accomplished whichhad been hoped for.

Primary receipts of wheat were 1,798,000 bu, practically the same as last week, and compares with 1,149,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 60,000 bu.

Markets were all rather strong, and as we stated earlier the allocations influenced beans, but corn had a very firm undertone, the cash situation in Chicago was good, movement from the country was light, and despite some feeling that there might be resitrctions later on with respect to price controls, buyers seemed not to have an easy time to get their requirements. The nearby future gained quite a bit on the later deliveries. In wheat, we find that contract stocks in deliverable positions are now over 6 million bu, but we also heard without confirmation that #2 red wheat had sold as high as 8 over F.O.B. steamer Baltimore. If this is correct, it would be equal to 10¢ under F.O.B. cars Chicago - still a big discount, but quite an improvement over the depressed condition which existed earlier. Wheat prices tended higher, flour business is still rather poor, but this is the season of the year when we have little pressure, and often advances are scored.

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CHICAGO, 4 December 6, 1950.

For seven successive years we have raised billion-bushel wheat crops in this country. Since the summer of 1944, when this phenomenon first occurred, there has been propitious weather on the whole, plus a fairly large acreage devoted to this cereal with the result that a good many people have taken for granted the possibility that we are now in a new era, and that billion-bushel crops are the rule rather than the exception. There was only one year prior to 1944; namely, 1915, that we could boast of so large a crop. In that year we raised 1,009 million bu, which was not only a record up to that time, but there was no repetition until nearly thirty years later. According to the last government survey, if average conditions prevail, we should raise 1,150 million bu wheat again next summer. However, it is too early to come to definite conclusions on that score, and even the estimate that will be made later this month by the Department of Agriculture cannot do much more than guess what the possibilities are when trying to forecast that far ahead. We are getting some reports now from very reliable people that weather in the Southwest was too dry even though subsoil moisture conditions had been reported as quite favorable earlier in the season. For example, Mr. Puckett, who heads one of the large cooperative companies in Oklahoma, stated in an interview yesterday that the wheat crop was not in critical condition, but that a continued dry spell might materially reduce the next harvest. The roots of the wheat plant at this time are 1 to 1 1/2 feet long when ordinarily they should be 5 to 6 feet in length. Under these circumstances it is not surprising that during theperiod of recent advances July wheat has kept pace pretty well with the old-crop deliveries, which are naturally affected more by present supply and demand conditions.

There was no change in the tenor of news from Korea, nor were any important announcements forthcoming from Washington with respect to British-American conferences. The Prime Minister of India called for a cease fire in Korea and further establishment of a demilitarized zone, together with a peace conference among all nations concerned in the conflict, including Communist China. The present issue is peace or war, and he told his Parliament that it was the duty of India to prevent the horrors of a third world war from developing. This leader appealed to the United States, Britain, Russia, and Communist China to get together to settle their difficulties. He also stated that the atom bomb was a symbol of evil. Should circumstances compel the world to use it, then the world would have surrendered to evil completely.

Our markets were generally higher at the opening, and first prices for wheat showed an increase in speculative interest, probably due to the fact that red wheat, which had been so depressed here, is now coming closer to a working basis. We were told that some two red wheat was worth and had sold at 10 over Chicago-December FOB Baltimore, which is equal to 8 under FOB cars Chicago. This is the best price relationship that has existed up to now, and while we are still out of line for shipments East, we have at least improved our position. This phase of the picture will probably bear close watching during the weeks to come. In any case, the period prior to Christmas is generally characterized by small country offerings, and in most years markets are firm or show advancing tendencies between now and January 10th, which ushers in a period when calendar sales are ordinarily attractive, at which time Southern Hemisphere pressure should start.

Primary receipts of wheat were quite light today, and amounted to 773,000 bu compared with 702,000 bu last week and 450,000 bu last year. Wichita was missing in today's calculations. Kansas City and Minneapolis stocks so far this week show a net increase of 97,000 bu.

There was nothing special in the grain news to occasion the higher price except a better sentiment; also securities, which on Monday had been so weak, showed a good recovery yesterday, and higher prices were recorded again this morning. Flour business is not developing in any volume, but yet our domestic consumption is continuing at a constant rate. Nevertheless, most mills are reporting still greater resistance amongst buyers and jobbers due to higher flour costs, according to the Southwestern Miller. The CCC inventory of wheat at end of October was 297 million bu compared with 309 million end of September. In addition there was 150 million bu in the loan. The corn inventory at the end of October was 357 million bu compared with 334 million bu a month earlier, and there was 262 million bu under loan. Therefore, it is quite obvious that large quantities of grain are under government domination. Corn and beans were strong. There was some selling to take profit but apparently offerings were well taken.

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CHICAGO, 4 December 7, 1950.

The news from Korea was no worse and reports stated that some of our troops that had been trapped were making their way toward the main line. However, we are still so greatly outnumbered that nobody can be very optimistic about final results unless there should be a diplomatic settlement with the hope that the Chinese would stop when they reached the 38th Parallel.

Here at home some comment was heard about low temperatures Southwest, particularly in the western third of Kansas. Thermometer readings have dropped well below zero although in the balance of the state it was not too cold. Chances are temperatures will moderate in those sections by tonight, although it will remain cold east of the Mississippiandlower readings are expected by morning. If there had been good snow-covering to protect the plant or if we had moisture in the winter wheat sections, nobody would feel very apprehensive, but it is difficult to believe that the crop is coming along too well even though the plant is now dormant.

There is little new with respect to the figures covering world bread grain production. In fact, the changes from September 25th are only slight. There was a small decline in rye but overcome by an equivalent increase in wheat. Total wheat yields were 6,405 million bu compared with 6,270 million a year ago. Europe produced 1,530 million bu compared with 1,505 million last year, and 1,599 million the prewar average. Russian production is estimated the same as last year at 1,110 million bu vs 1,240 million bu before the war. World rye production is placed at 1,665 million bu against 1,715 million last year and 1,732 million prewar. European production of 685 million bu is somewhat lower than last year's crop of 710 million, while the Russian rye production of 910 million bu compares with 950 million bu last year. World soybean production is at a record this year, estimated at 626 million bu, thus surpassing the previous high in 1948 by 63 million bu. Most of this increase, however, is due to heavier production in the U.S.

All this is not having much effect on the market, but we believe that recent advances have been occasioned by a better export demand, and during the past two days probably 3 million bu wheat was sold abroad, a good part of it to Britain. The fact that England cannot get as much good wheat from Canada because of the larger amount of feed wheat that was raised may finally cause some revision of views in this country with respect to what we may furnish. Up to the present time our showing has not been particularly good. During the past week only 3 1/4 million bu wheat and flour was cleared, which brings the total since July 1st to 87 1/2 million bu compared with 144 million bu a year ago. Ordinarily the biggest share of our exports are handled during the first six months of the crop year, but under subsidies and gifts by the government, this is no longer true to the same extent that it used to be, and some in the trade now feel that we may export more than 250 million bu, which was the last government estimate. However, one must not become too encouraged just because there are a few days of unusually good business.

The various state reports comment on continuation of dry weather during October-November, and we have in mind now Oklahoma, Missouri, and Kansas. The conclusions generally drawn are thatmoisture supplies have been generally exhausted from the topsoil, but in Kansas comment is made that with the exception of the eastern area stands are good and wheat generally covers the ground sufficiently to prevent extensive damage from blowing. There is some talk also of the possibility of insect damage but the cool weather may put an end to that scourage.

Primary receipts of wheat were over 2 million bu compared with 1,8 million bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 65,000 bu.

Corn was very strong early, but prices in the country were very close to a basis where government holdings might be sold. In fact, we heard of a large lot of corn bought from the government today at a location close to Chicago, and as we understand it, this corn will be used in domestic consumption. The price was high enough to overcome the loan, plus 14¢, which was their selling basis.

There were some rumors, but not confirmed, of "Cease-Fire" orders in Korea. In any case, liquidation during the last half hour had its influence in the various pits.

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CHICAGO, 4 December 8, 1950.

News from Korea is still not good, but apparently for the moment it has lost its market effect. Whether the Chinese finally stop at the 38th Parallel is of little consequence, if the North Koreans, being sufficiently armed, penetrate through that line. While our troops are fighting valiantly the superior number of enemy reinforcements makes it rather hopeless for us to do much more than hold at the present resistance points, hoping that enemy supply lines might become overextended. After all weather in that country makes it more difficult for supplies to be brought in through the mountainous terrain. Later in the day we may hear of the decisions reached by Truman-Attlee Conference, but in the meantime traders had turned their attention to other matters.

Late yesterday liquidation came into the various pits, and was due largely to fears that there might be price controls. It is our own personal view that at some point restrictions are inevitable. The government has already asked General Motors and Ford to reconsider the recent advance in automobile prices, the implication being that if voluntary action were not taken it might become necessary to take mandatory steps. However, the Economic Stabilization Agency, according to early news, had made no plans for imposing immediate mandatory price or wage controls. This statement came from the Chief of that body, Mr. Alan Valentine, E. S. A. When he was asked whether there was anything to the rumors that a general freeze would be imposed Sunday, he replied that no such order had been prepared, but added that events are moving so swiftly that any statement that might be made now as to the future could easily prove false when the time came. The government is apparently still hoping that mandatory controls will not be necessary. There was a buying spurt in the various pits and the technical position of the market had been corrected yesterday when a good many lines were evened-up, and it did not take a great deal of buying this morning to give us the reaction which occurred, particularly as there was a fair amount of family flour business prior to the increase of 20¢ imposed today. Reports from the Northwest were to the effect that all mills had done some business, and there was evidence of hedges being covered.

The government has stated that the recently developed early maturing varieties of grain sorghums for the Great Plains had made a heavy contribution to the bumper grain sorghum crop this season. Despite the late planting and a wet fall an estimated crop of 196.3 million bu was possible, being an all-time record. This year's production was 44 million bu larger than the 1949 crop and 87 million bu larger than the average crop of the years, 1938-48. By switching to the new early-maturing varieties farmers made an average estimated yield of 22 bu per acre, which is 5.6 bu more than the ten-year average.

Broomhall reports that according to Australian advices persistent rains during October-November have reduced prospective production in that country 24 million bu from earlier estimates. As for Argentina there are reports that rust and frost, which occurred earlier in the season, cut yields but yet no indication of widespread losses from these causes, and trade interests are of the belief that a good crop will be obtained, although it will fall short of earlier optimistic forecasts.

Primary receipts of wheat amounted to 962,000 bu compared with 1,600,000 bu last week, and 769,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 157,000 bu. When the visible supply is posted on Monday it will compare with a decrease last week of 2.1 million bu.

Trade was fairly active and markets were mostly firm, although there was some profit-taking, particularly in beans. We also heard again that a fair amount of CCC corn was released for domestic usage. It is costing about 4¢ over delivered Chicago on the present basis of futures, although in the country it may work out to better advantage. Milling demand was quite good, and buyers apparently have been impressed with recent strength in the market.

Britain called upon Red China today to stop killing U. N. troops in Korea, and apparently this was deemed as a conciliatory move toward the Peiping Regime. They assured Chinese Reds that no country here had any desire to fight them. We also heard that Britain, France, and the U. S. have decided to invite Russia to a Big-Four conference, asking the Soviets for a list of world problems which they would be willing to discuss. The note probably will be sent to Moscow Monday or Tuesday.

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CHICAGO, 4 December 11, 1950.

News from Korea was quite a little better. Our losses have probably been severe in trying to get our men through the encirclement, but the fighting was valiant and apparently a large percentage came through with courage and spirit. It is probably also a grim experience for the Chinese --the farther South they go in keeping their supply lines liquid, and during the coming week it would not be too surprising if some peace offers were made. At this very writing India's Sir Benegal Rau is expected to reveal a new plan for peace in Korea, and apparently he was authorized to draft a resolution by the thirteen Asian countries, which had appealed to Communist China last week not to cross the 38th Parallel. A proposal supposedly will be made for an immediate "cease fire" by both sides and various propositions may also be discussed but the nature of these has not been disclosed up tonow. There has been persistent talk that possibly a demilitarized zone would be set up in an effort to avoid incidents, and possibly we shall hear something further on this score later in the day.

When our market openedprices were somewhat lower, and there was no particular pressure in any of the pits, but prices have advanced to a point now where caution should be exercised. Meal seems to be in plentiful supply, and for the time being is influencing sentiment in beans, a good many people feeling that when the $3 level is approached, there is not too much incentive to take a long position at least early in the season. Corn also reached a level which enabled the government to sell some of its holdings domestically, and while feeding and export business continue to be factors, there may be a temporary halt,

The Department of Agriculture estimates that there will be 170 million grain-consuming animal units fed during this season compared with 169 million last year, and 162.7 million two years ago. Crop and carryover of corn this season was close to 4 billion bu, but the uses both domestic and foreign are expected to be somewhat heavier, although even last year the disappearance was 3,345 million bu, including exports; thus we shall have a smaller carryover on October 1, 1951, possibly it will be reduced to approximately 600 million bu. We heard of some government corn today which was sold at a point bearing a large rate to Chicago. It could be brought here for about Chicago December price, and this may have contributed somewhat to liquidation of the nearby delivery, although the open interest is still large and a good many people have felt that there was never a reason for the wide carrying-charge and the discount under May which prevailed early in the month. We heard a day or two ago but did not report it in our letter that another cargo of rye totaling 225,000 bu was enroute to Chicago from Canada. This brings the total to over 2 million bu in recent weeks and confirms our previously expressed opinion that North American stocks should be figured as a total, particularly with the small disappearance of rye in Canada, which makes exports so necessary.

When the visible supply of wheat was posted there was an increase of 1,200,000 bu, the total in all positions is 221 million bu compared with only 200 million bu last year. Corn increased 2.1 million bu to a total of 50.3 million bu. This is nearly 5 million bu larger than the stock wehad one year ago. Oats showed very little change, there is 15 1/2 million bu in various markets compared to nearly 18 million bu in 1949. Chicago wheat stocks are down to 10 3/4 million bu, but there is 270,000 bu afloat. Corn stocks increased locally, and are 10.6 million bu. In oats we find 1.3 million bu here; rye increased during the week because of imports. There is 5 1/2 million bu in elevators, and nearly 1 million bu afloat.

Markets were weak early, but there must have been a little better milling demand; one firm was quite prominent in covering hedges both here and at Minneapolis, and this brought about a fair recovery. Other grains advanced in sympathy. There was no great feature in today's trade; in fact, we believe that total volume was somewhat retarded because new incentives were lacking. However, trade fears imposition of ceilings.

UHLMANN GRAIN CO.

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CHICAGO, 4 December 12, 1950.

Claims on national income for defense and social welfare purposes have been increasing with tremendous vigor, while productivity per worker has shown but little change during the past decade. This is not sound economics as we learned it in school some years ago. Everyone will be called upon to share the burden, but the bulk of the increase in taxes must come henceforth from those in the lower income groups, as in the aggregate that element receives around 90% of the total disposable income of the country. In other words, soaking the rich is no longer a fruitful source of new taxes, as levies for this group are now so high that any further substantial squeeze would result in diminishing revenues, and would aggravate the already restricted flow of investments into tools and equipment which are necessary for a strong and expanding economy to meet the gigantic demands now being made upon our industry. With the increase of personal taxes, a person receiving an income of $100,000 would pay $67,000 taxes, and retain $33,000 for himself. As a matter of fact, taxes of all kinds now constitute more than 25% of national income. Based upon past experience of other countries, this is considered to be the danger zone. The Federal debt is now in excess of $256 billion, or over $6,000 per family. The interest alone on our debt is more than 1 1/2 times as much as the average Federal expenditures for the decade of the 1920's. Savings bonds are being redeemed at a faster rate than they are being sold, and with the floating debt of the Federal government in the neighborhood of $61 billion, it places the Treasury under constant pressure for re-financing. The purchasing power of the dollar, which has shrunk about 42% in the course of the past decade continues drifting towards lower levels. All this, of course, keeps the inflationary factors continually in the foreground, and while we are apt to have ceilings or controls of some kind slapped on at almost any moment, there are some who believe that there are such complications that it might take two or three months before all details could be worked out.

When our market opened this morning the carryover feeling from yesterday was bullish. It is true that the technical position of the market has been weakened by short covering; also the outside markets did not keep pace with us yesterday, but this is not the time of the year when traders are aggressive on the short side. There is an old adage which states that he who is short over the Christmas holidays does not enjoy these festivities.

We heard of a good-sized round lot of corn purchased from government stocks, which could be trucked to the Illinois river, but may not come to Chicago, originating as it did downstate. However, it shows that at present levels government holdings are being reduced.

There was still no moisture of consequence in the Southwest, although a light snow had been reported rather generally over the Northwest, and over the corn belt area during the past 24 hours. Temperatures for the season of the year are moderate except for the territory east of the Mississippi River where the thermometer reading is slightly below normal. The prospect is for fair weather tonight in the Southwest, also Wednesday, except possibly a light snow in the extreme eastern part of Kansas. All this is having some effect on the July future which is keeping pace pretty well with the old-crop months. There is also some buying prompted by the possibility that if ceilings are imposed that there may be greater latifude in the delivery which is selling at the lowest price, particularly with parity going up almos every month. On the other hand millers and processors, who during the last war had the experience of being caught in a frozen futures market, might likely be much better stocked with supplies than would otherwise be the case.

Statistics did not have much influence on our market; primaries of 1 1/2 million bu were a little smaller than last week, but nearly double of last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 85,000 bu.

Markets were very strong early, but late in the day the U N political committee voted to give top priority to a 13-nation Asian proposal for a "cease-fire" in Korea. Warren Austin for the U.S. said that such a resolution would open channels for peaceful settlement of the Korean situation. There was a fair amount of profit-taking in the various pits.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 13, 1950.

It is said that nothing in the world is certain save death and taxes. As for taxes we "pay as we go," and many of us will continue to pay after we have gone. However, taxes alone are not the solution in a time of peril when a large defense program is essential for our survival. It is estimated that defense expenditures by mid-1951 will be at the annual rate of $30 billion, and more thereafter. No one knows how many billions will eventually be paid for military purposes, but the total will be staggering. This task is now uppermost, and we cannot fail in placing ourselves in a strong position against possible aggression. We must concede the fact that our defense costs have furthermounted, because the purchasing power of the government's dollar is less than one-half as much in terms of equipment and services as at the beginning of World War II. Under the circumstances it becomes our duty to save whatever we can in other fields and no doubt substantial savings could be affected except for the indifferent attitude in some quarters toward our mounting obligations, with scattered elements not yet ready to give up grandiose promises of "something for nothing." For example, the growth of subsidy payments has been colossal, and in the years 1934-50 it is estimated that subsidy payments to all groups were in excess of $15.5 billion, with certain pressure groups in every section of our country having made shameful raids upon the Treasury. Both liberal and conservative authorities are in agreement that $5 to $10 billion annually could be saved by the elimination of non-essentials in federal government activities.

When our market opened this morning wheat prices were quite firm but corn was indifferant, and it is extremely difficult for traders to try to gauge the stupendous world events in relation to market activity. For the most part traders and consumers believe that as long as our preparedness program continues on full scale, inventories will probably be kept larger, and this may finally have a strengthening influence on the nearby positions with less buying of futures in far-off months. However, July wheat is still given preference by a good many people who are concerned over the possibility of a smaller winter wheat crop next summer. The ground was dry over large areas and some wheat has undoubtedly been hurt, particularly where the plant was in sandy soil and some blowing had taken place. Naturally at this season of the year it is not too late for moisture in the form of snow during the winter or good spring rains might correct some of the apprehension which now exists. Nevertheless we shall need precipitation in order to brighten prospects.

The number of persons at work on farms has dropped sharply during November, partly due to the fact that harvests have been completed, but also, due to the unfavorable weather for field work. In any case there were 3 1/3 million person less than the month earlier and about a half-million less than last year, Somewhat less than 9 million persons appeared at work on farms in the week of November 19th to 25th. The number of hired workers employed on farms was only about half as large as a month earlier. We heard that there was a rather good amount of country selling of corn to Illinois river points overnight, and some sales of government corn, although the latter apparently in reduced volume. Corn in Chicago would probably be in greater demand if railroad cars could be obtained, but this scarcity is still an important factor.

Broomhall reports that in most sections of the European continent conditions of the winter wheat crops is satisfactory, with moisture adequate. In this country the Kansas weekly crop report states that light snow during the past week did not relieve the dry topsoil condition existing throughout that state, and in some areas it has dried up to the point of becoming detrimental to the crop. However, as a result of good stand and good top growth wheat made earlier, condition is still reported as average in many counties. The Oklahoma bulletin points out that extremely cold weather brought all field workers to a standstill with below zero temperatures retarding the plant growth, and causing some damage to fall-sown grains.

Primary receipts of wheat today total 692,000 bu vs 773,000 bu last week and 340,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 249,000 bu,

Earlier markets showed weakness but rallied somewhat when reports were issued from Lake Success that the Russians today rejected the Asian-Arab plan for a Korean "cease-fire" on the grounds that the United States and Britain would use a truce to prepare their forces for a new attack, and states that there can be no peace in Korea until all U N troops are withdrawn. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 14, 1950.

While Secretary Brannan still insists we cannot abandon farm programs during periods of prosperity, he does not mention that great changes have taken place; for instance, the January budget had been placed at a total of $2.2 billion but that figure is far outdated. CCC, as example, which for a period of years had been buying cotton is now on the selling side. Likewise that agency is disposing of some of its wheat and corn for export, and actually corn is being sold now domestically so that surpluses are being reduced. The government purchases of eggs will be suspended in 1951, while price support has been withdrawn on potatoes, all of which shows that the farm program should fall to a costless basis under boom conditions. It should be reviewed, overhauled, with the final results that great savings can be effected.

Our exports of wheat will probably be somewhat larger than we had been led to believe, according to earlier data and statistics. The main reason, of course, is that the available milling wheat in other countries has been cut down from previous indications. Just recently it was intimated that the Australian crop was not turning out as well as had been expected, but of greater importance was the fact that a large percentage of the Canadian wheat is unfit for milling purposes. Taking figures alone does not mean too much. The Dominion Bureau of Statistics still shows an enormous crop of wheat having been raised. In the Prairies alone it amounted to 427 million bu, an increase of 90 million over the 1949 outturn of 337 million bu. The estimated average yield of wheat per seeded acre was 16.5 bu, with Manitoba averaging 21, Saskatchewan 16, and Alberta 16.1. The total Canadian crop was placed at 461.7 million bu, so that when we add the carryover at July 31st there was a total supply of 575 million bu. It is not likely that domestic requirements for the crop-year will exceed 155 million bu. On that basis they figure that there is available for export and carryover 420 million bu for the entire season, all of which would be a very bearish factor except that the demand for the poorer grades will not be so keen, and we already have seen evidence of England and some other countries coming here for their grain, prefering the higher quality of our spring wheat to some of the poorer grades of Canadian wheat which were affected by frosts.

There will be another White House Conference today with the President and Congressional leaders to discuss wage and price controls. There seems to be general agreement that our military strength should be built up with the utmost speed but some doubts are being voiced with respect to the advisability of proclaiming a national emergency at this time.

There is still no chance for much relief in the Southwest and the weather outlook is for fair tonight and Friday with little change in temperatures.

Later this month we shall not only receive the final estimate of the 1950 crop but also a forecast of what may be grown next summer. The trade feels that because of uncertainties there may be some reduction from the 1, 150 million bu total estimate given earlier by the Department of Agriculture. They claim that if yields should equal the 1941-50 national average per seeded acre, and assuming that the allotted acreage would be planted, we would raise about that quantity of wheat, which would be 14% above the 1, 010 million bu estimated for the 1950 crop. It was also figured that the carryover of old wheat on July 1, 1951, might reach a figure of 450 million bu, but that, too, could be cut down if our export shipments are larger than previously anticipated. Trade had been prepared for a total supply for the 1951-52 season of about 1, 600 million bu.

Primary receipts of wheat were 1 1/2 million bu compared with a little over 2 million bu last week, and 748, 000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 544, 000 bu.

Demand for flour was very slack; there appears to be a little business now and then, but the tempo has slowed down. While there was no appreciable pressure in wheat after an early gain profit-taking set in with the result that we had minor losses. Spot corn was as much as 2¢ lower, primarily due to the switching strike in Chicago, which eliminated certain buyers from this market. Despite this fact corn held quite well considering the break in wheat. Judging from the tenders that are circulating a fair amount of corn may be delivered on December contracts. Beans were very strong early on the possibility of exports to Japan, but during the last hour there was profit-taking and reactions occurred.

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December 15, 1950

President Truman will address himself to the nation tonight, and there is much speculation as to what he may tell us. It is more a matter of the degree of controls than the principle involved, and we are convinced that the seriousness of the situation, not only in Korea but throughout the world, will necessitate some great changes in our way of life. It is thought that the President will prepare us for more shocks to come, and also, the necessity for an all-out drive to make us ready for any emergency. This will not relate solely to restrictions on wages and prices, but may also be the beginning of an extensive drive to accumulate materials and commodities just as though we were completely at war. Of course, nobody can be sure about these matters, and after tomorrow we may know more, but the trade is beginning to feel that possibly some of the selling which the government has undertaken may be halted, and that rather buying programs will be instituted, particularly of foods and necessities just as was the case during World War II. There is no similarity ever between conditions that arise in one war as against the other. For example, the last time the demand was mostly for concentrated foods, such as meat. The armies who are hardpressed required substantial diets, and this was entirely different from the vast amounts of grain that were shipped to Europe during World War I. The net results, however, were much the same because it takes about 7 pounds of grain and forage to produce a pound of meat; therefore, our surpluses, which in 1941 had been heavy, were more or less reduced, although with expanded acreage we still had enough at the end of the war to take care of our Allies when hostilities ended.

For some time we have felt that feeding operations this year would be considerably heavier than last. The BAE in its latest report calls attention to the volume of cattle feeding during the coming winter and spring, which they say will be nearly as high as last year. In the eight corn belt states, for which complete records are now available, the in-shipment of stocker and feeder cattle during November was 12% above last November and reached a new record for the month. However, the July-November in-shipments were below last year but still the second highest on record. The November in-shipments to Iowa, which is the leading cattle feeding state, had increased 23%; in the western states cattle feeding is on a higher level than last year, with California feeding at a record high. On basis of a survey conducted about December 1st, the number on feed in California was estimated at 300,000 head, which was 19% above December 1, 1949. If all this is correct, it will mean that the consumption of corn and milo will be tremendous. While our corn crop this season was somewhat less than last, the carryover was greater, and fortunately feed supplies generally have been abundant over the country. There were some sections of the northern corn belt states where corn was reported to have less than the usual feeding value, but this in our opinion has not been general.

The figures on wheat and flour exports are not complete for the past week owing to some congestion at gulf ports, and, therefore, we are not giving the data published by Broomhall, which might be slightly misleading, but apparently total shipments for the season are in the neighborhood of 90 million bu compared with 150 million bu a year ago. Since July 1st we have shipped abroad 853,000 bu oats compared with 12 million last season, also 5 million bu barley compared with 16 million a year ago, and 3/4 million bu rye versus 3 million last season.

Primary receipts of wheat were a little over 1 1/2 million bu compared with 962,000 bu last week, and 513,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 642,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 1,794,000 bu.

All markets were very strong, particularly beans, with futures selling considerably above the $3.00 level and a new crop high. There is still hope for exports to Japan, and there was very little pressure. Corn lagged a little at times, but yet the close was higher than the night before. It is figured that the use of wheat for feed in the first quarter of the season will be about 30 million bu, which would be the smallest for that quarter since 1947. It also looks to us that with a large portion of the 1950 crop in Canada frost damaged that we could draw heavily upon their stocks for the remainder of the marketing season if necessary. Wheat prices were considerably higher, and there was some slight improvement in flour demand, but flour trade is still hesitant because of international developments.

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CHICAGO MERCANTILE EX.

December 18, 1950

Much has happened since our last market letter was written. There was nothing of great surprise in the President's talk, and likewise, the declaration of national emergency had been fully expected, but all of this must serve as a warning that a good many other actions will soon come, and price controls and various other regulations will have to be dealt with. Thus far the only rollback has been ordered for automobile prices, although in other major lines there were no outstanding advances since the 1st of December. It looks, however, as though the government might use that date as a guide for other commodities and services, and with that in mind those agricultural articles selling above parity should come in for close scrutiny. Whether this will have much influence on commodities selling below that level remains to be seen and much will depend on supply and demand factors in the final analysis.

After the close of the market today there will be a government report revising spring and winter figures on last summer's crop. It is generally felt that spring wheat was underestimated, and if this is the case the data that we are citing now will have to be revised tomorrow. However, we are going on the assumption that total wheat production in this country was 1,010 million bu; the carryover is now given as 420 million bu, all of which means that supplies of domestic wheat on July 1, 1950 amounted to 1,430 million bu. This supply, of course, could be augmented later on if we import large quantities of low quality Canadian feed wheat for feeding purposes. But speaking mainly of bread grain for the moment, and assuming that our domestic disappearance may total 725 million bu, it would leave us with 705 million bu for next carryover and for export. Should our shipments and military procurements not exceed 260 million bu, then the carryover on July 1, 1951 would be 450 million bu. This compares with the prewar reserve (1932-41) of 235 million bu, and the record high of 631 million bu in 1942. It must also be borne in mind that in many parts of the country farmers with loan wheat can pay off their obligations and have a little profit. Therefore, if present prices are maintained or if advances take place between now and end of January, we should not add much to the impounded wheat; and in fact, with quite a large percentage of government grain going for export we could actually have a larger percentage of free wheat in the next carryover than we have had in many years. Thus there is nothing very bullish in this picture except that the outlook for the next crop is nottoo optimistic and we shall know more about that in two days when another government report is issued estimating prospects for the 1951 season. It is worth mentioning that world wheat production in 1950 is now estimated at 6.4 billion bu. Except for the unusually favorable world harvest of 1948, this is the largest crop since 1938. It is actually 6% above the 1935-39 average and 2% above last year's crop. The greater part of the increase compared with prewar is in North America and in Asia.

The visible supply of wheat showed a sharp decrease of about 5 1/4 million bu; this reduces the total in all positions to 215.8 million bu compared with 198 1/2 million last year. The corn stock increased 1.3 million bu to a total of 51.7 million, which is 5.3 million bu more than we had a year ago. Oats decreased 1/2 million bu, leaving 15 million bu in the various markets compared to nearly 17 1/2 million bu last year. At Chicago there was a wheat decrease of 219,000 bu, which leaves 10 1/2 million bu here. Corn increased 366,000 bu, which gives us a total stock of 11 million bu. Rye stocks were little changed, there is 5 1/2 million bu here, plus more than a million bu afloat. A small decrease in beans leaves us with 4 1/2 million bu, and 765,000 bu afloat.

Markets were all very strong; naturally with the stock market considerably higher, and the fear of ceilings shorts were prompted to cover. This may become increasingly true as we get closer to probable ceiling levels. On the other hand conservative investors were not aggressive, and it is difficult to give much advice in times like these. There are a number of people who sincerely believe that the corn crop was over-estimated and possibly today's figures will give us some clue as to what was actually raised. We must also bear in mind that a very considerable part of the carryover of the previous crop was in government hands.

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CHICAGO MERCANTILE EX.

December 19, 1950

After the close of the market yesterday there was a government report giving revised figures on production of the various crops in this country. In the aggregate it was termed as the third biggest yield in the history of the country, and the increase of milo, soybeans, sugar beets, and a few other items more than offset some of the reductions in corn, wheat, etc. However, when the total count was made the government found that a wheat yield of 1,026 million showed an increase of 16 million over the previous estimate, about half coming from winter wheat, the balance from spring. The corn crop was estimated at 3,131 million bu, also an advance of 26 million over earlier figures, and this occasioned some surprise to a great many people who had looked for reductions. Strangely enough, most of the pessimism had originated in Illinois and yet our state showed up pretty well, with 420 million bu having been raised, only a cut of 2 million from the previous tabulation; Iowa showed an increase of 16 million bu over November; Nebraska improved 9 million; Kansas was up 6 million. Therefore, we must assume now that the corn is all there although it is also a fact that with cold weather in December and heavy feeding possibilities we shall consume as much domestically as was raised; and probably dig into reserves

With this in mind there was not much pessimism this morning when our market opened, and first cornprices were somewhat higher. Of even greater note was the strength in grain sorghums because the milo crop had been estimated at 237 million bu, which is by far the largest crop ever raised and is 41 million more than had been estimated in November and compares with the ten-year average of only 103 million bu. We were advised by our Fort Worth office that the movement of milo was about over and only small amounts were for sale. There seems to be a fair export business from time to time plus domestic demand, all of which has been a wonderful thing for the farmer considering that he has had both big yields and high prices.

In a general way the trade is paying more attention to our preparation for armament and the international situation than to actual supply and demand factors at the moment. Under present conditions nobody knows when various controls and crackdowns will become effective. We believe, for example, in rye that one of the most potent influences is the high probable ceiling, which has encouraged many people to take the constructive side of the market. Thus it shows what trading psychology does during wartime. There may also be a feeling that stiffening of grades will become factors later on, which would make it less easy for some of the elevator concerns to deliver some of the poorer rye, but whenever that happens it will necessitate new trading deliveries, and in the final analysis it does not change the actual amount of rye in North America, nor will it necessarily improve export demand. Based on experience of the past war and the various ceilings that were imposed, many feel that under existing law prices will creep up after controls are put on, particularly if costs go up. As far as rollbacks are concerned, they were not feasible during the last war, and it looks almost like a legal impossibility at present, besides which it is never practical to do with the resultant factors of black markets, etc. To effectively control prices it would require a system of rationing, which is quite distasteful to most Americans, and actually we have not heard that rationing is even being contemplated at this time. Probably the best we can expect is a restraining tendency pricewise without actually stopping advances all along the line except that certain articles that are in plentiful supply will not share with the balance of the list.

Primary receipts of wheat were a little over 1 1/2 million bu; this was just a shade better than last week, and compared with 831,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 24,000 bu.

Markets were strong early, but there was some setback when profit-taking set in, although it was noticeable that feed grains had more merit than wheat; in fact, December wheat expired at almost a full carrying charge under March. Stocks of contract wheat in deliverable positions are nearly 6 million bu. There was only a slight decrease during the week, and there is still 4 1/2 million bu of #2 red wheat in this market, no change having occurred from the week before. There is some occasional flour being sold, and recent business has been very good, although apparently buyers are beginning to look on again. This often happens after heavy transactions have been completed.

Beans were very weak at one time but showed a pretty good recovery. There was considerable selling of January and buying of May soybeans. A good many people are of the opinion that a shortage, if it occurs, will not be felt until much later in the season.

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CHICAGO MERCANTILE EX.

December 20, 1950

The government has made a plea to hold the price line to levels that existed on December 1st of this year. Apparently it is all voluntary with some price rollbacks needed to bring about the results, and officials say that a wage formula also designed to restrain excessive pay boosts will be issued as soon as possible. Most people regarded the first statement as referring only to manufactured articles but there was great confusion in the cotton market before our exchange opened this morning, and prices had a sharp slump. Apparently traders were uncertain as to whether the raw materials or the finished goods were to be held in check, but it is our belief that agricultural commodities will not be influenced by the present proposals, which appear to be more mandatory than voluntary. We believe that regardless of the type of ceilings that may finally be imposed, parity prices will be permitted to the farmer as it has always been the aim to restore the proper balance to producers on basis of his purchasing power.

With that in mind there was not much weakness when our markets opened this morning even though some apprehension existed. There were, however, a number of other factors which may have caused hesitation on part of buyers, principally of course, the sharp advances we have had lately. If for no other reason technical reactions might now be in order. The government has increased the estimate of our wheat crop to 1,026 million bu. We carried over 420 million bu from previous years so that our total supply must now be regarded as 1,446 million bu. It might even have been greater as one of our friends, who is ordinarily very accurate in his predictions, believes that the spring wheat production has been underestimated, and that final results may show the crop ranging between 300 to 310 million bu. But probably of more importance is the fact that ordinary spring wheat is 10¢ over the loan, and some of the higher protein wheats are as much as 15 to 25¢ over the loan. Consequently, all spring wheat, which is now impounded, could be redeemed and sold at a profit. Furthermore, if the price holds up there is little reason for any additional amounts to be placed under loan unless farmers, due to fears of war spreading in Europe, might become bullish, as many others have, inwhich case there might be more of an artificial situation than in recent years. This in our opinion is not too likely, but rather we assume that a large part of grain which has been held back for tax purposes might be sold after the calendar year. One can only draw the conclusion that the amount of free wheat will be much larger than such stock has been in any of the past seven or eight years. Again referring to our total wheat supply picture, as we outlined it at the beginning of this letter, if we deduct from the 1,446 million bu supply domestic consumption of 725 million and probable exports of 260 million bu, it might leave us with a reserve next July of 460 million bu, which would be the largest since 1943. Then, of course, we shall have to project the amount of wheat that may be raised next summer, and the government will give us some clue later in the day when an estimate of the winter wheat crop is made.

Primary receipts of wheat were close to 1 million bu, which compared with 692,000 bu last week, and 522,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 138,000 bu.

Early in the session there was considerable covering apparently against some wheat which had been sold to Mexico, and about 1 3/4 million bu was reported worked. We also heard that a sale of milo had been made to Ireland - probably about 10,000 tons. There were some declines in the market probably due to profit-taking, but on the break there was a fair absorption by investors. Sentiment generally favors feed grain with the idea that there will be heavy consumption, as dry weather in the Southwest did not permit as much pasturing during the fall months.

A year ago when the government estimated the wheat crop for the succeeding summer, they figured on a winter wheat crop of 884,000 bu and an acreage of 53 million, with condition 16.7. The final crop turned out to be 750 million on 43.8 million acres. We give this as a comparison with the data which will come out today.

Broomhall's Foreign Crop Summary stated that European crops were entering the winter in fairly good condition. In France, there is a satisfactory outturn, and acreage is expected to compare favorably with last season. There has been unsettled weather in Argentine lately, but no additional reports of rust, while in Australia a preliminary wheat estimate of 186 million bu compares with 176 million bu an unofficial calculation, and 218 million bu raised last year.

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CHICAGO, 4 Dec. 21, 1950.

For the past several months there has been an extremely unsatisfactory condition in many of the southwestern states due to the fact that so little moisture has occurred and topsoil has become very dry. This might have been critical except for the fact that the plant went into the ground under ideal conditions, and, therefore, was able to withstand hardships much better than if we had not had the early rains. Nevertheless, when the government report was issued yesterday, it showed some adverse effects of this condition, and the Texas wheat crop was estimated at only 57.7 million bu, Oklahoma 77.3 million bu, which is quite a little less than one would expect on the large acreages, both states having about 6 1/2 million acres under cultivation. Texas in recent years has crept up and is now almost as important in the production of wheat as Oklahoma. As we go a little farther North we find that Kansas had done relatively better, and with 14 1/2 million acres sown that state has a prospect of raising 203 million bu next summer. Of course, all forecasts that are made in the middle of winter are subject to change, and, for example, we found that last year when the government had estimated production at 884 million bu, the final result was considerably poorer, and we actually harvested only 750 million bu wheat, although most of the drop came in spring due to causes other than drought. Still we must accept the government data because after all it is the best information available, and we must also assume average conditions from now on as a basis for computation.

It appears as though the winter wheat crop in 1951 might be the third largest on record, and according to the Agricultural Department we have a prospect now for a yield of 900 million bu, based on December 1st condition. This would be almost 150 million bu more than we raised last summer, and the sharp increase over 1950 comes from both the 6% increase in planted acreage and an indicated upswing of 1.8 bu in the yield per acre. Apparently many of the states that are not in the dry sections have a very fine prospect. As for example, Nebraska, which may raise 96 million bu; and if this promise materializes it would be one of their bumper yields. Also, Illinois, which did rather badly this season, is scheduled to raise 36.2 million bu, also a very fine outturn.

We now come to the point where we are willing to make some long-time forecasts, which are naturally somewhat dangerous in view of the possibility of war and other international complications. However, we assume that if there should be hostilities in Europe, our shipments might be curtailed rather than enlarged. The obvious reason for this is that we would not take too great a chance in stockpiling surpluses in Europe. If we further assume that our wheat exports will neither be at the low level that they were prior to World War II, nor the peak shipments of 500 million bu that we had a few years ago, we shall probably reach a fair annual average of 250 to 300 million bu as a likely program for the next eighteen months. That in turn based on normal domestic consumption and normal spring wheat production would give us a carryover reserve of about 625 million bu on July 1, 1952. A stock of that size would practically be a record, and it is, therefore, indicative of what we may have to face should the facts be borne out by present indications.

Last week our wheat and flour shipments, according to Broomhall were 5.3 million bu, which brings the total to 94.8 million since July 1st. This compares with 156 million bu a year ago. Despite much conversation about the added amounts that may be sent from the U. S. due to Canadian conditions where frosts made a good percentage of the crop unfit for milling, we do not find that we are expanding our outlets to any great extent.

Primary receipts of wheat are running about the same as in recent days; they were 1,419,000 bu compared with 1,566,000 bu last week, and 504,000 bu last year. Kansas City and Minneapolis stocks so far this week show practically no change.

Trade was rather quiet, and there was not much incentive to go far in either direction. The milling business is rather dull again, although a few orders are being placed from time to time. The government issued a report on the pig crop, which was slightly bullish, the figure showed 6% more animals than last year. This in our opinion means heavier feeding, and ax we have stated right along, feed grains are in a stronger position than wheat, as we are reducing our surplus rather than adding to the accumulations. The spot corn basis was just a shade lower, but yet there are premiums being paid over the May delivery, which indicates lack of country pressure. Some export business was reported in wheat, but the quantities in our opinion are only moderate, and it looks as though the total for the season would be considerably less than last year. UHLMANN GRAIN CO

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CHICAGO MERCANTILE EX.

December 22, 1950

This is the season of the year when people dedicate themselves to the finer things in life, and when their thoughts are of others. They realize that the greatest happiness comes from their unselfish acts, and thus it is a joyous occasion. We as a people have always been generous, and this has best been brought out recently in the gifts and benefits that we have tried to bestow on less fortunate men and women in other parts of the world. We have given unstintingly even though it has meant higher taxes and greater sacrifices for our people. The job, however, seems almost hopeless at times when we consider the abject poverty of those in other lands. Half the people of the world live in Asia; eight persons out of ten are peasants; few of them farm as much as four acres. Their tools are primitive; their farms are so small that they would have no use for modern machines even if they had them. Few Asian peasants own the land on which they toil and few have any hope of owning the land. They are completely dependent upon their landlords economically, politically, and socially. In contrast to this depressed situation, it is timely that we, with our comparative strength, count our blessings. But we should also realize that we have inherited a freedom which is not free at all, but for which we must pay. Freedom is not bestowed but is earned, and we are sometimes surprised to find it so precious, so fragile, and so rare.

Our markets opened somewhat lower but there was not too much enthusiasm to trade, and a holiday spirit prevailed. As time goes on more attention will be directed to the progress of the next wheat crop. While it has been very dry in many of our southwestern states it is doubtful whether any irreparable damage has been sustained, but snows will be needed during the next month or two if we are to measure up to the government's forecast for the winter wheat crop. From September to end of November Kansas had less than half of normal moisture, while Oklahoma and Texas had little more. However, there have been other sections of the country that faired much better, and in the Central States greater optimism is expressed with the rainfall in Indiana and Ohio far above average. The same is true over our northwestern states, with the exception of Minnesota, which is slightly deficient, while several Pacific Coast States have had more than twice as much moisture during this period as normally occurs. Even Canada enjoyed a favorable fall period, and during the past four months the Prairie Provinces averaged 92% of normal precipitation. These fall rains constitute the moisture reserves available for the coming crop that will be seeded on stubble land. The summer-fallowed land, according to the Searle Grain Co., Ltd. estimate, contains in addition to fall moisture reserves the rains which fell during the past growing season, and even before that period. Taking all this moisture into account, Canadian prospects for this period of the year are exceptionally good. Thus the plant that will be seeded in April and May of 1951 should start at least under auspicious conditions.

We feel that unless exports of wheat and flour increase materially we are again in for a period of accumulations. The same, however, is not true of feed grains because with the great number of animals we can optimistically forecast that the government holdings will be reduced, and it will take extraordinarily big crops to meet our increasing demands.

WE WISH YOU ALL A VERY MERRY CHRISTMAS.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

December 26, 1950

The Department of Agriculture has given us the November shipments of wheat, flour and macaroni. The amount was close to 20 million bu which constituted the heaviest shipments made so far on this crop. Heretofore, monthly exports were running at the rate of about 18 million bu or a little more, with the exception of August when we shipped less than 15 million. The total for the season is 89.5 million, which compares with 144 million bu last year, and this shows quite a decline. We doubt whether it will be made up between now and end of the year even granting that larger amounts may be needed from here because of poorer quality of grain in Canada due to frosts. When we analyze shipments between July and end of November, we find that 35% was destined to ECA countries, while exports to Germany and the U.S. Pacific occupied areas accounted for 26%, Brazil, Canada, India, and Mexico took 28% of our grain, while the miscellaneous group of other countries took 11%.

There was not much news over the Christmas holiday except that there had been quite a little moisture, mostly in the form of snow in the corn belt, also in parts of the Dakotas and rather generally East of the Mississippi River, but snow was heaviest in the Chicago area where more than eight inches fell. Unfortunately there was nothing to speak of Southwest and the forecast is for fair tonight and Wednesday, much colder tonight, with a cold wave over Nebraska, Kansas, and Oklahoma. The five-day outlook was a little more optimistic for some moisture in parts of the Southwest, but the quantities, if they occur, will probably be light. This was the occasion for some buying of new crop futures, which were strong, and they gained on old-crop months. We also had some new highs early this morning in corn and in the various soybean futures without much opposition. It is still the time of year when pressure from first hands is light, and it remains to be seen whether there will be a change after the next calendar year. Possibly farmers may sell a little more liberally after that time. In any case it looks very much as though feeding operations would be heavy with cold weather, and this is particularly true because of the large numbers of animals that have to be fed.

For the first time this season Russia reported that Black Seas exports of barley and oats have taken place. There was 560,000 bu of the former, and 190,000 bu oats, which apparently went to the U.K. The only other grain exported was 88,000 bu wheat. Total shipments of all grains since August 11th are about 6 1/2 million bu, quite a drop-off from last year, when during the same period 19 million bu had been exported.

As we draw closer to the harvest of Southern Hemisphere crops, we have to figure on some reductions. Argentina's wheat crop has been hit by rust and as a result the wheat crop has probably been cut by 45 million bu. The present yield of 185 million bu is expected to take care of Brazil's requirements and other yearly export contracts. Beyond that, however, there may not be any further wheat for sale abroad during 1951. We have no further advices from Australia except that the crop will undoubtedly be smaller than last year's big outturn, and very likely some figures will be given shortly. The time is drawing close when harvesting should take place. Canada's total wheat crop has been valued at $491 million, and despite more bushels this is a cut of 13% from last year. The average farm price dropped from $1.54 to $1.06. This shows there must be a very large percentage of low-grade wheat. Some of it is being exported, although it may be a little more difficult to dispose of except for feed.

When the visible supply of wheat was posted there was a decrease of nearly 1 1/2 million bu; this leaves total stocks in all positions 214.3 million bu compared with 195.7 million last year. Corn increased 1 1/4 million bu to nearly 53 million bu compared with 48 million bu last year; the visible of oats showed a slight decrease, and there is 15 million bu in various positions against 17.4 million bu a year ago; Chicago wheat stocks decreased 181,000 bu, which leaves 10.8 million bu here; corn increased 452,000 bu to 11.4 million; oats stocks increased 269,000 bu to 1.6 million last year; rye showed a small decrease, but there is still nearly 5 1/2 million bu here, plus some afloat stocks of over a million bu, and a small quantity in bond. Chicago beans stocks increased 158,000 bu to 4 3/4 million bu. This is exclusive of 277,000 wheat and 765,000 bu of soybeans afloat.

Markets were rather firm, and all corn futures sold at the highest price of the season, but the trade was of a holiday character, and there was not too much interest. There was practically no flour sold over the week end, and demand is not very significant; however, with rather large receipts Southwest, particularly at Kansas City, the cash demand was quite strong, and offerings were well taken.

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CHICAGO, 4

December 27, 1950

There was no special grain news overnight. Weather was cold over most sections of the country, particularly over the corn belt, but even in the Southwest temperatures had fallen to near-zero readings at one or two points. No moisture had occurred in those sections, nor was anything indicated for the immediate future although it seems likely that the thermometer will gradually rise and more moderate weather appears to be in sight. Many people point out that a year ago the government estimated the winter wheat crop at 884 million bu, and finally the harvest turned out to be only 750 million bu. Therefore, they reason that with the dry period we have had for a prolonged spell, we may have to revise our ideas with respect to a winter wheat crop now officially estimated at nearly 900 million bu. This in our opinion is one of the reasons for the strength in July and September futures, although a good many people also are making purchases on the theory that if ceilings are imposed, the new-crop months have more latitude. In any event, it has occasioned a considerable narrowing of the spread between old and new-crop deliveries, although this might have come in any case owing to the fact that there is no longer much incentive for putting wheat into the loan. It would be our guess that the quantities impounded during the past few weeks have been very small. There must also be reason to assume that redemptions are taking place, or if this has not occurred yet that farmers will be tempted to take their wheat out of the loan and sell it on the market to better advantage. There are hardly any sections of the country now where there is any quantity of wheat under government loan at which market prices would not afford a better opportunity for final disposition.

Most export business today was reported as slow, although Holland took 2,500 tons of corn equivalent to about 100,000 bu, shipment to be made from gulf ports. We feel that in wheat, despite smaller crops in Southern Hemisphere and the large percentage of feed wheat in Canada, we may still be fortunate if we ship 250 million bu from these shores, all of which is bound to give us a large carryover on July 1, 1951, and a good part of it may be in free hands because of conditions that we have enumerated in this letter.

Those who are close to matters pertaining to agriculture point out that farmers who use hired labor will probably have some difficulty in obtaining men, and will probably have to pay higher wage rates in 1951. This is due not only to the increased military requirements, but also the strong demand for industrial labor, which will reduce the supplies available to farmers. In the mid-west area critical shortages are not expected to occur. Even though farm costs generally will be higher next year, they probably will not increase as much as the price of farm products. Thus farmers can expect even a more favorable price cost ratio if all these forecasts are borne out. For the first time after the first of the year social security returns must be filed by employers of farm workers.

The Kansas Weekly Crop Report states that dry weather continues to dominate the outlook for the 1951 wheat crop, most fields came up to a good stand earlier this fall, except in some east central and southeastern counties, lack of effective precipitation since October 2nd, throughout all the important wheat producing areas has resulted in a poor root system, and declining condition of the crop, and has increased the probability of winter kill from low temperatures. In the western counties early sown wheat appearsto be suffering the most. However, they point out that with a large acreage having good stand throughout the western two-thirds of the state there has been very little actual loss of acreage to-date, and the crop should make a substantial recovery if adequate snow covering is received soon.

Primary receipts of wheat today totaled 1,239,000 bu versus 990,000 bu last week, and 594,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 101,000 bu.

With only two more sessions of trading on the Chicago Board of Trade remaining for 1950, there is somewhat of a lull in trading, which usually occurs during the holiday season. Markets all started this morning with a fair undertone, but same was not maintained, and there was some selling when a market service advised selling of wheat, beans, and rye. Flour business is of small volume, with buyers preferring to watch. Backlogs are at about the highest point of the crop year, indicating that the trade is heavily booked, and likely to remain on the side for some time. Low temperatures prevailed through most of the grain belts particularly in the corn areas, although moderating weather is in sight.

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CHICAGO, 4 Dec. 28, 1950,

Everybody talks about parity very much as they talk about the weather, and yet not too much is known about the formula nor the method of computation. The simplest way to explain it is to state that the parity theory holds that things the farmer sells should change in price only in proportion to price-changes of the things he buys. Thus, if the price changes of articles bought are today 260% higher than the prices that were paid during the base period, then it shows that the price the farmer receives for the things he sells should be 260% above base-period prices in order to give him parity. However, there is no allowance made for technological improvements, nor has the formula ever been revised to take into account that with more fertilizer, better seed, and more mechanical machinery the producer gets more bushels per acre than he did in the base period; consequently, there has never been a proper adjustment to take this factor into the reckoning. Actually the whole system would be fairer if the farmer received parity income rather than parity per bushel. As an example of how it would work out when crops are adversely affected, let us assume that we had a crop failure such as occurred during the drought periods from 1933-37. Even if parity had been very high at that time, it would hardly have brought comfort to the farmer at a time when he had so little to sell. Taking an extreme case, if a certain farm had a complete failure and raised no wheat at all, even $10 parity would not bring him relief when it was actually needed.

There have been some revisions to which attention was called this morning, and while the six basic commodities are not affected, there will be some reductions when the January 15th calculations are made that are likely to reduce barley by 8¢ a bu, oats 5¢, rye 9 to 10¢, and grain sorghums 15¢ per cwt. For any group in which new parity is lower than provided under the old law, parity reductions may not exceed 5% a year so that readjustments will be slow. There is nothing within the Defense Production Act that would require it to set ceilings at the new parity level, but it does lower the permissible ceilings for this group of transitional commodities.

It was because of these uncertainties that some of our grains were lower this morning, although selling was not heavy, and most of the weakness was psychological, and later recoveries took place. There was no improvement in Southwest weather conditions with respect to moisture. Temperatures were higher but apparently no rain or snow was in sight, and this tends to keep the new-crop futures relatively strong.

Broomhall tells us that stocks of all grain in the Argentine are virtually exhausted and that offerings of rye have definitely been withdrawn. Labor costs are so high and machinery is so scarce that no declines in price are looked for when the new crop moves to market. There may be about 72 million bu wheat available for export during 1951. Australia may have 90 million bu new wheat for export, but of this quantity 20 million bu is likely to be off-grade. The Argentine corn crop is progressing slowly, and with favorable weather conditions a crop of 175 million bu is possible for harvest next April. It would be an improvement over last season's failure crop, but still far below prewar levels. Farmers are not satisfied with prices, and only minimum quantities are likely to be delivered to the ports unless the government gives an extra bonus to offset increased labor costs. Broomhall's Foreign Crop Summary tells of seasonal weather over most of Europe and conditions for winter grains are favorable for most sections. There are only a few areas where moisture is inadequate, such as parts of Spain. On the other hand, France had good rain and snow, and there is a marked absence of complaints. Weather in Italy has been excellent with moisture described as ample, and a snow covering on most of the uplands. Grains germinated satisfactorily in Germany, although a few districts appear to be backward.

Primary receipts of wheat were very light today, only 435,000 bu compared with 1,419,000 bu last week, and 405,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 80,000 bu.

Most of the weakness in the market occurred early. Later there was a better support all around with beans and corn assuming leadership. Finally this had some influence on the leading cereal with March gaining on the other months. New crop futures were a little weaker on the possibility of the map becoming a little more favorable within the next few days, but no moisture is being forecast yet.

Flour business remains poor and hardly any new orders are being placed.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 29, 1950

Another year is drawing to a close, and one that has been very favorable to American agriculture. The enlarged defense program following the Korean outbreak brought higher prices at a time when we had heavy production for virtually all our commodities with the possible exception of cotton. It also reinforced and encouraged forecasts that farm-product prices might average 10% higher in 1951 than in the current year, particularly with the inflationary forces at work. With higher employment and rising incomes in our economy, consumption is at almost record levels. It is considered likely that cash receipts next year may reach a total of nearly $30.5 billion, which would approximately equal the 1948 record. In addition to the increased government demand for goods and services, as a result of the stepped up defense program, other factors promise to add to inflationary pressures. Total farm assets are estimated to have increased about 6% in value during 1950, bringing them to an all-time high in excess of $134 billion. This would be about 5% above the previous peak reached two years earlier. Farm real estate accounts for about one-half the value of agricultural assets. As for the financial assets of farmers, including currency, bank deposits, U. S. Savings Bonds, and investments in cooperatives, there appears to have been a slight decline during 1950, but yet the combined assets reached a total of about $21.6 billion,which shows the tremendous wealth of these people.

It is not often that we find both high prices and heavy yields; yet the crop production in 1950 was the third largest of record. This output exceeds the average of the previous eight years, the most productive period in American agriculture. Farmers attained this desirable result despite reductions in acreage of several important crops, and also had to face a growing season, which had many unfavorable aspects. The composite yield per acre in 1950 was the second best of record. The prolonged fall season for maturing and harvesting crops helped improve both quantity and quality of the outturn. The aggregate volume of crop production in 1950 was 126% of the 1923-32 average. This index was well below the 1948 and 1949 records, but at the same time exceeded that of any other season. The 1950 season emphasized the importance of farm mechanization. Power machinery enabled producers to wait out periods of adverse weather, and thus make rapid progress with field preparation, planting, cultivation, or harvest when conditions became favorable. Fertilizers were used to an increased extent, although supplies of some types did not meet all demands. Transportation facilities were nearly adequate, although a shortage of box cars became apparent toward the end of the grain harvest. With additional storage facilities there was enough space to take care of both the carryover and the new-crop grains.

Trade in the various pits today was rather quiet and year end flour business was small. There was probably a fair amount of evening up and it remains to be seen now whether offerings from the country will enlarge after the turn of the year. The official weather forecast was not at all optimistic with respect to moisture Southwest and this will become a more important factor as time goes on. The trade will also be mindful of possible ceilings. The Defense Production Act of 1950 authorizes the President to establish and maintain ceiling prices for farm products at a level no lower than parity or the highest price received by producers from May 24th to June 24th, 1950 whichever is higher. Farm product prices at mid-June prior to the outbreak of hostilities in Korea, averaged 97% of parity. One thing is noteworthy of attention, namely, that the government is not restricting acreages at this time. In fact, the U. S. Department of Agriculture in evaluating the impact of the defense program on agriculture has repeatedly called attention to the favorable supply situation for most farm products and has concluded that there is no nee currently for extensive direct controls. Rather emphasis is on the need for increased production in an effort to provide enough of the right kinds of food and other farm products to fill every need at reasonable prices.

WE WISH YOU ALL A VERY HAPPY NEW YEAR.

UHLMANN GRAIN CO.